

LEGISLATIVE HEARING ON H.R. 4883, H.R. 4884,
H.R. 4889, H.R. 4539, H.R. 3646, H.R. 5664,
H.R. 3798, H.R. 3393, H.R. 3298, H.R. 3467,
H.R. 3889, H.R. 3681 AND H.R. 5684

HEARING
BEFORE THE
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
OF THE
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
ONE HUNDRED TENTH CONGRESS

SECOND SESSION

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H.R. 3889, H.R. 3681 AND H.R. 5684**

WEDNESDAY, APRIL 16, 2008

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY,
Washington, DC.

The Subcommittee met, pursuant to notice, at 1:00 p.m., in Room 334, Cannon House Office Building, Hon. Stephanie Herseth Sandlin [Chairwoman of the Subcommittee] presiding.

Present: Representatives Herseth Sandlin, Donnelly, Hall, Boozman.

OPENING STATEMENT OF CHAIRMAN HERSETH SANDLIN

Ms. HERSETH SANDLIN. Good afternoon, ladies and gentlemen. The Committee on Veterans' Affairs, Subcommittee on Economic Opportunity, hearing on pending legislation will come to order.

For those of you that monitor this Committee's activities more closely, you know it is a bipartisan Subcommittee.

The Ranking Member has a number of other responsibilities today in other Committees as well as on the floor and he has asked me to begin the Subcommittee hearing in his absence. He will join us as soon as possible.

I would also like to ask unanimous consent to allow Counsel to pose questions to the witnesses on the third and fourth panels. Seeing no objection, so ordered.

I would also like to call attention to the fact that the Cellular Telephone Industry Association, the Wireless Association, and the Disabled American Veterans have asked to submit written statements for the hearing record. If there is no objection, I ask for unanimous consent that their statements be entered for the record. Hearing no objection, so entered.

Today we have 13 bills before us that seek to protect our Nation's veterans from possible foreclosure and financial burdens incurred while serving one's country, update U.S. Department of Veterans Affairs (VA) housing construction guidelines, expand education programs while meeting the current retention needs of the Armed Forces, strengthen employment and reemployment rights for returning servicemembers, veterans, and minimize recidivism among incarcerated veterans.

According to a Congressional Research Service report updated January 25th, 2008: “The original GI Bill provided up to \$500 annually for education expenses. This is the equivalent of an estimated \$5,890 in 2007 dollars. An additional \$50 was provided monthly for living expenses in 1944, which is equivalent to \$589 monthly or \$5,301 annually in 2007 dollars. Thus, the total education benefit including the living allowance in 1944 would have been worth \$11,191 annually or \$1,243 monthly in 2007 dollars.”

Keeping this historical perspective in mind, I, along with Ranking Member Boozman, have introduced H.R. 5684, the “Veterans Education Improvement Act,” which seeks to address the educational needs of our brave men and women in uniform.

This bipartisan bill is the product of numerous hearings held by our Subcommittee since the beginning of the 110th Congress which allowed for close evaluation of the Montgomery GI Bill and input from Veterans Service Organizations (VSOs), education leaders, government agencies, and other policy experts.

H.R. 5684 would help address current Montgomery GI Bill (MGIB) shortfalls along with other important improvements including substantially increasing the amount of basic education assistance for veterans equal to the average cost of the tuition at a 4-year public college or university, provides veterans with a monthly cost-of-living stipend, extends the time limitation for use of education benefits from 10 years to 15 years, and more fully accommodating the transition from military to civilian life.

I would like to add that H.R. 5684 includes unique provisions that allow the overall assistance to be used for business courses, preparatory courses for exams, and to repay Federal student loans. It dramatically expands the opportunity for servicemembers to enroll for the benefits even if they are beyond the initial opportunity for automatic enrollment, provides increased funding for state approving agencies, an important partner in administering the benefits with the VA, rewards veterans for their service by eliminating their educational entitlements from being considered as income when applying for Federal financial aid. It also increases on-the-job training and dependent education benefit to 85 percent, supplements reporting fees given to colleges and universities, creates a 5-year pilot program to expand work study programs for veterans, increases the VA’s full-time employees by 150 to help administer the new requirements, provides funding for updating existing IT systems, and rearranges the advance pay process to prevent any breaks in benefits.

H.R. 5684, one of the many bills we are considering today, provides specific improvements and adjustments meant to make it easier, not harder, for veterans to access the education benefits they have earned following their service and contributes to the overall national economy.

In addition, this bill will make changes with minimal disruption of the current VA information technology (IT) system and to the beneficiaries.

The “Veterans Education Improvement Act” is a well-crafted bill that provides the VA the resources to administer the new changes, to update and improve the MGIB to better reflect today’s world,

and ensure that today's veterans have the resources they need to continue or begin their education when they return from service.

I appreciate the support of many of today's witnesses for this bill that addresses necessary changes to veterans education benefits. I look forward to working with Ranking Member Boozman and other Members of the Committee to continue to improve education entitlements for the veterans that we serve.

[The prepared statement of Chairwoman Herseth Sandlin appears on p. 47.]

Ms. HERSETH SANDLIN. Joining us today and seated at the dais is Chairman Bob Filner, and Ranking Member Steve Buyer. And also joining us on the first panel is the Honorable Ciro Rodriguez, all of whom are distinguished Members of the Committee. All of their written statements will be entered into the hearing record. We will begin with Chairman Filner.

Mr. Chairman.

STATEMENTS OF HON. BOB FILNER, CHAIRMAN, COMMITTEE ON VETERANS' AFFAIRS, AND A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA; HON. STEVE BUYER, RANKING REPUBLICAN MEMBER, COMMITTEE ON VETERANS' AFFAIRS, AND A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA; HON. CIRO D. RODRIGUEZ, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS; AND HON. CLIFF STEARNS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

STATEMENT OF HON. BOB FILNER

Mr. FILNER. Thank you, Madam Chairwoman, and we appreciate your leadership in this Congress.

Because of your leadership, I think this Congress will soon be taking up a GI Bill for the 21st century that updates the educational benefits as you have proposed, looks at the housing program I will speak to today, and also allows the Guard and Reserve units to participate in the GI Bill to a much greater extent than they are currently allowed.

I believe we are moving along in a major effort to do something that had such an impact on our society in 1944, the original GI Bill.

Let me just talk about another part of that original bill and that is the Home Loan Program that so many of the veterans after World War II were able to take advantage of.

In a meeting in my district, we heard from active-duty service men and women veterans, VA experts, mortgage brokers and lenders from the area. Based on that meeting, we saw the program being irrelevant, not only to the current crisis, but before then in terms of its loan values, equity requirements, refinancing caps, and fees that are imposed. We want to update the program to make it relevant to the veteran today.

One bill that I want to make sure we take quick action on is H.R. 4883, which prevents foreclosure on active-duty personnel. We have had anecdotal testimony of young people coming back and finding that they were, going to lose their home soon after their tour of duty was over. That is unacceptable. Active-duty servicemembers

should not have to face that consequence. What we have done in H.R. 4883 is prevent any foreclosure for at least a year after they return from active duty.

H.R. 4884, another bill introduced, is sort of a complement to your bill that you just described in terms of updating the Home Loan Program of the Department of Veterans Affairs. It increases the maximum home loan guaranty to \$715,000, decreases the equity requirements to refinance a home loan, requires the VA Secretary to review and streamline the process of using a guaranteed home loan to purchase a condominium. Right now condominiums are subject to a great deal of regulation and red tape and it is hard to finance a condominium through the VA Home Loan Program.

In addition, we want to reduce the home loan refinancing fees to 1 percent, extend the adjustable rate mortgage demonstration program to the year 2018, extend the so-called hybrid adjustable rate mortgage demonstration project to 2012, and provide a yearly adjustment of the VA home loan to match the consumer price index.

There are many people in my district, around the country, who are facing the prospect of foreclosures and the value of their home falling. They are not able, given the restrictions of the VA program, to use that at all, no matter what their situation is or what they may be qualified for they are not able to make use of a program that was meant to give them some loan guarantees.

What we do in H.R. 4884 is to make that possible for veterans in the situation that they find themselves today, but even without the crisis, to make it fit the 21st century.

In addition, I have another bill, H.R. 4889, to recodify the so-called REAP Program, the Reserve Education Assistance Program, entitlements that provide now up to 36 months of education benefits to certain members of the Reserve forces who were called on or ordered to active-duty service in response to war and national emergency.

Without going into details now, it allows for far more flexibility, support, and help for those in the Reserve who have given so much of their life and time on active duty.

I look forward to working with you. I thank you for your leadership and bringing all these bills up for consideration today.

[The prepared statement of Congressman Filner appears on p. 48.]

Ms. HERSETH SANDLIN. Thank you, Mr. Chairman. Thank you for your leadership in introducing a number of those bills, particularly as they relate to veterans' housing, and your support of our efforts here on the Subcommittee to address all of the issues within our jurisdiction, but most recently veterans' education.

I would now like to recognize our distinguished Ranking Member, Mr. Buyer.

STATEMENT OF HON. STEVE BUYER

Mr. BUYER. Thank you.

Chairwoman Herseth Sandlin and Ranking Member Boozman, I am very pleased that you have included my bill, H.R. 4539, the "Department of Veterans Affairs Loan Guaranty Cost Reduction Act of 2007," for the Subcommittee's consideration.

When this bill was introduced last December, the full extent of the mortgage and financial sector crisis had not yet appeared and, frankly, this bill was intended to improve the day-to-day operations of the Loan Guaranty Program. But events since we introduced H.R. 4539 have convinced me of the need to make the kind of changes included in my bill.

I recognize that Chairman Filner has a similar bill, H.R. 4884, and I take that similarity as a confirmation of the need to improve the Loan Guaranty Program. I believe that between us, veterans will find it easier to achieve the American dream.

I would ask unanimous consent to include in the record a copy of the January 28, 2008, letter co-signed by Mr. Mike Michaud and I that sent to Speaker Pelosi and Leader Boehner regarding the need to include the VA Loan Guaranty Program in the recent stimulus package in the hearing record.

Ms. HERSETH SANDLIN. Seeing no objection, so ordered.

[The letter to Speaker Pelosi appears on p. 97. An identical letter was sent to Leader Boehner and will not be reprinted.]

Mr. BUYER. In the letter, Madam Chairwoman, what Mr. Michaud and I were asking to do was that as the Freddie Mac rate was increased to the limit of \$720,000, the FHA loan limits be matched to the VA, yet the VA was excluded from the stimulus package. And Mr. Michaud and I sent that letter to the Speaker and Mr. Boehner.

At the time when I had spoken to Mr. Boehner, he and the Speaker basically had an agreement. A lot of amendments and requests came to them and they made the judgment that the agreement that they struck with the President, that they would hold to it.

And as painful as a lot of the corrections and the fixes that they were learning were, they held on tight to their agreement. And to me, it is sort of what can happen if you do not allow the Committee to do its work. If somebody writes a bill under the pressure of the moment, mistakes can happen.

Now, I had made a request to Chairman Filner to do a stimulus fix under suspension. He had declined to do that, Madam Chairwoman. And, frankly, I am not upset over that because you are doing your due diligence. So he has a bill. I have a bill. You have some ideas. Mr. Boozman has some ideas. And I think we are at a moment here where we are going to have a good meeting of the minds.

The stimulus package says 125 percent of the area median price of a home as determined by the U.S. Department of Housing and Urban Development not to exceed 175 percent of the Fannie/Freddie conforming limit of \$417,000, which is \$729,750.

So when you look at the loan limits that Mike Michaud and I had included in our bill, when you look at the loan limits that the Chairman included in his, they do not even match the stimulus.

So if we really want to do this, we really should match it to the stimulus fix and then you can come in and look at some of the improvements that we have done in the bill.

I guess my counsel to you, Madam Chairwoman, is you can take the best out of proposals, some that Mr. Michaud and I have done, some that the Chairman has done, some recommendations that we

are going to hear today, and we will give great deference to your leadership.

What we had sought to do in the bill, H.R. 4539, beyond this increase now, was increase the maximum loan amount guaranteed by VA to 125 percent of the Freddie Mac conforming limit, and we believe that this would enable the servicemembers and the veterans living in the high-cost areas to purchase homes using the VA Loan Guaranty Program.

This goes right at the heart of the issue that Mr. Filner was talking about when he held this hearing out there with regard to San Diego being one of the highest cost-of-living index in the country. The pain of access to affordable housing that he has is much different than I have in rural Indiana and that you have in the Dakotas. And we are most hopeful that this would help address these issues.

What we also sought to do here is the intent with regard to the President, the Speaker, and Leader Boehner in increasing the FHA loan limits when you have individuals who are in subprime loans was to be able to move them into the Federal guaranteed loans. Well, do not leave veterans out of the equation. And you and I have had that personal conversation.

And we also seek to extend some of the fees through 2017. These fees provide the funds the VA needs to pay for the guaranty on homes that go into foreclosure. These fees have also provided PAYGO offsets for improvements to VA benefits.

We also seek to increase the guaranty amount for certain refinanced loans by making VA refinancing more attractive and competitive in the marketplace.

The Michaud/Buyer bill also reduces the equity requirement for a VA guaranteed refinancing loan to zero. This is especially important for those servicemembers and veterans whose home equity has decreased solely because of the current market forces despite the fact that they are not behind on their mortgage payments.

We also want to make loans more affordable in the high-cost areas. The legislation would limit the total loan guaranty fees to the maximum dollar amounts in effect on the day of enactment.

Also, to encourage an increase in the supply of affordable housing, H.R. 4539 would increase the guaranty amount of 30 percent of the mortgage.

And, finally, this legislation would require the Secretary to provide a small measure of assistance in offsetting closing costs associated with the purchase of a home. The Secretary would determine the amount based on the income of guaranteed fees in the previous year.

Madam Chairwoman, as you know, in regards to your comments on the GI Bill, H.R. 5684, I mention this because it is a good bill and you have worked with our side of the aisle in a bipartisan manner. And there are a few changes that I feel are important.

I believe that the train is moving quickly and there is not a lot of time here in this Congress. So for this restructuring here with regard to VA education programs, the question is whether it is feasible to do it in a comprehensive fashion? It may not be comprehensively. And I note you are trying a major incremental movement.

I am in the process of drafting an extension and reorganization of Chapters 30, 32, 34, 35, and 36 into one or two chapters to standardize the administrative rules and education and training options to those receiving education benefits.

I hope that we can work together on this approach to bring some order to these programs in the not too distant future.

Madam Chairwoman, I want to thank you for your bipartisan manner in which you have included H.R. 4539 and several other bills from our side of the aisle in today's hearing.

I would also end with this remark, that the issue with regard to Guard and Reserve is not in your bill. I know the Chairman had made comments as though it is in the bill. And I think what that does is it puts the Chairman and I in agreement, and I know you also have been a very strong advocate of the Guard and Reserve.

And we do not want to do anything that would exasperate the gap. So as we work on the improvements with regard to the active duty, if, in fact, we have a moment in time, we should capture it. And I want to work with you to do that, whether it is to do only that which is within our jurisdiction or we try to add that and we have a joint referral with the Armed Services Committee. We will work with Dr. Snyder.

I think if we are going to move, and you have the sincerity to make this major move, I want to join with you and do everything I can with Mr. Filner or anybody else on the Committee to satisfy equity and fairness with regard to the Guard and Reserve.

Now, there is going to be a price. It will come with mandatory funding. I will speak with Mr. Boehner. I will speak with the Budget Committee on our side. You will not find opposition from my side of the aisle with regard to a mandatory fix, if we take what you are doing and we do the equity fix in Guard and Reserve and working with the Armed Services Committee, I believe that when individuals of good will share sentimentalities, that it is a prescription for success.

And that is what I have always felt in all the work I have ever done with you. And that is where I want to proceed in this.

With that, I yield back.

[The prepared statement of Congressman Buyer appears on p. 49.]

Ms. HERSETH SANDLIN. I thank the Ranking Member, and I will just make a couple of remarks before recognizing our colleagues on the first panel for their testimony.

I appreciate the words of the Ranking Member and I appreciate the leadership that you and Mr. Michaud demonstrated as the train was moving quickly a few months ago in putting a stimulus package together.

I know that since our conversation that I have spoken with leadership, both on the Financial Services Committee with jurisdiction as well as with leadership on our side of the aisle. I know that Chairman Filner has done the same, because of our desire to want to look at another vehicle to make that fix, if indeed there is another stimulus or other strategy or avenue that we are looking at to continue to grapple with the crisis that we are seeing in housing, not only how veterans are affected but other constituents with whom we work and who we serve.

As it relates to veterans' education, again, your words are appreciated. You are right. Mr. Boozman and I have worked hard when he was the Chairman of the Subcommittee and when I was Ranking Member and in this Congress to address the issues of equity for National Guard men and women and Reservists.

The purpose of the bill that we introduced in a bipartisan way purposely did not include those provisions, although I believe Chairman Filner may have been referring to work that I have been undertaking with Counsel to work and fashion a separate bill for Guard and Reservists that would be entirely within the jurisdiction of the Armed Services Committee.

We wanted to avoid joint referral for a number of reasons as it related to increasing basic pay, the basic benefit in the Montgomery GI Bill, as well as include a number of the very unique provisions that our bill includes that we uncovered during the series of hearings that we have had with this Subcommittee.

I certainly share your sentiment and I think all of us do on the Subcommittee as well as our colleagues on the full Committee, of trying to undertake something in a more comprehensive way, if that is going to be possible. We want to make sure that, depending on which track the train is on, we have a lot of different options on the table.

If the comprehensive approach is indeed the track we are on, then I think we are all in agreement that we want to make sure your efforts, as well as other efforts of those on the Subcommittee, are brought together. I know we will all work in good faith with the leadership on the respective sides to do that, based on our hard work here in the Veterans' Affairs Committee.

However, I am not sure that is the track that we will be on. I hope so. We have great working relationships with people on the Armed Services Committee that undertook some of this work even in the "Defense Authorization Act" of last year.

Again, I appreciate your sentiments. I know how hard you have been working as it relates to the comprehensive fix and a reorganization and how beneficial that could be to veterans and their education benefits and the administration of those benefits.

Again, I thank you.

Mr. BUYER. Would the gentlelady yield?

Ms. HERSETH SANDLIN. Yes, I would.

Mr. BUYER. Then let us step off together and work, step off together meaning off of the good work that was done in the last Congress with regard to Dr. Snyder and John McHugh.

So as we try to move the jurisdictional issues, right, and as you are formulating your legislation, please work with our staff and we will step off together because it will take the leadership of Mr. Skelton and Mr. Hunter because this is mandatory spending on their side. So it is going to take some major movement.

So with that, I yield back. I thank the gentlelady for her comments.

Ms. HERSETH SANDLIN. I thank you.

Mr. Boozman, would you like to be recognized?

Mr. BOOZMAN. I want to apologize.

Ms. HERSETH SANDLIN. We have all been saying such great things about you.

Mr. BOOZMAN. Well, I apologize. I am participating in the "Clean Water Act," which is a very important thing. And so I am just kind of running back and forth. The other Member of my Committee is on the Farm Bill, so he is over doing that.

So, again, we appreciate you, Madam Chair, in working with us. And I want to compliment the guys that are bringing some very, very good legislation before the Committee. We have some really good things to work with. And so thank you very much.

[The prepared statement of Congressman Boozman appears on p. 48.]

Ms. HERSETH SANDLIN. Thank you, Mr. Boozman.

I would now like to recognize our distinguished colleagues on the full Veterans' Affairs Committee, Mr. Rodriguez and Mr. Stearns.

Mr. Rodriguez, we will start with you. You are recognized for 5 minutes. Thank you for being here and thank you for introducing the bill that we are considering today.

STATEMENT OF HON. CIRO D. RODRIGUEZ

Mr. RODRIGUEZ. Thank you. Chairwoman Herseith Sandlin, let me personally thank you and the Subcommittee for giving me this opportunity to speak to you regarding H.R. 5664, a bill that I introduced to correct the bureaucratic oversight in the way that the Veterans Administration advises contractors constructing or renovating housing for disabled veterans.

I was extremely moved by last June's hearing and testimony before this Subcommittee concerning specially adapted housing. There is little doubt that funding levels available to the individual disabled veterans to have their homes adjusted to meet their needs is too low.

My bill does not address that particular issue. Rather, it seeks to ensure that veterans whose homes are updated under this program benefit from all of the modern technology and construction practices that can be provided.

Mr. Gonsalves, President and Founder of Homes for Our Troops, pointed out in the hearing that service men and women with injuries that would have killed them in previous wars are now living to see another day and are in need of truly special home adaptations.

The primary guidance that the VA provides the contractors who draw up the plans and specifications to modify homes under this grant program is VA Pamphlet 2613, entitled "Handbook for Design, Specially Adapted Housing."

As Mr. Carl Blake, the National Legislative Director of the Paralyzed Veterans of America, pointed out, much, if not all, of the guidance found in the pamphlet is still applicable today. However, I feel, that it focuses too much on veterans who find themselves in wheelchairs with lower extremities and paralysis or amputations.

While certainly still valid, we find increased number of veterans returning home from current conflicts with alternative injuries such as upper limb amputations or blindness. The guide was last updated in 1978. By comparison, the current Army Corps of Engineers Housing Design Guide is dated 1994 and that of the Air Force is 2004.

The time has come to ensure that the guide contains updated directions to architect and engineering firms and contractors who will do the noble work of ensuring our disabled veterans have homes that respect the dignity of which they have sacrificed.

I propose in my bill that the Secretary of Veterans Affairs update the guide at least on a 6-year basis.

I also wish to express my intent that the field agents who approve the construction plans under this program view the pamphlet as a guide rather than a definitive set of requirements. It should be just looked at as a guide to help out, not one that is a definitive set of requirements.

After consulting with several VSOs in preparing for this testimony, I need to clarify the wording of the bill. Rather than requiring the VA to update plans and specifications on a 6-year basis, it is better stated that the pamphlet itself is updated every 6 years.

Contractors actually derive the plans and specifications based on each veteran's home and the pamphlet. And I would hope that if the Committee considers my bill in the future markup that such language is made clear.

I want to thank you very much for this opportunity and just indicate now that, we can make these homes much more adaptable. We can, for example, allow additional electrical outlets, allow for swinging doors, allowing for other types of, updates, based on the individual handicaps or difficulties that they have in getting around.

And so thank you, Madam, and I want to thank you once again for allowing me this opportunity to present the bill.

[The prepared statement of Congressman Rodriguez appears on p. 50.]

Ms. HERSETH SANDLIN. Thank you very much, Mr. Rodriguez. Again, thank you for your leadership on this important issue on veterans' housing.

Mr. STEARNS, thank you, too, for introducing the bill that we are considering today and look forward to hearing from you. You are recognized.

STATEMENT OF HON. CLIFF STEARNS

Mr. STEARNS. Good afternoon, and thank you, Madam Chair, for this opportunity to testify on my bill, H.R. 3646, the "Veterans Effective Training Job Opportunities and Benefits Act of 2007," or the "VET Jobs Act."

My colleagues, I think this bill is an important step in helping our veterans gain gainful employment when retiring from the service. When warriors return home from combat, they often face an uphill battle. For many servicemembers, the transition from active duty to veteran status and returning to a full, meaningful civilian life is daunting and fraught with many challenging obstacles and bureaucratic barriers.

Many times, these brave service men and women require job training for entirely new careers. Although statistics show that eventually veterans in general enjoy a favorable employment in the Nation's job market, many veterans initially find it difficult to compete successfully in the labor market.

That is why for over a decade, the Federal Government has provided job training benefits to veterans through the Department of Veterans Affairs and the Department of Labor.

The mission statement for the Department of Labor Veterans' Employment and Training Service, VETS Program, is to, "Provide veterans and transitioning servicemembers with the resources and services to succeed in the 21st century workforce by maximizing their employment opportunities, protecting their employment rights, and meeting labor market demands with qualified veterans today."

Additionally, the Department of Labor offers servicemembers leaving the military with a service-connected disability the Disabled Transition Assistance Program or DTAP. This includes a 3-day workshop, plus additional hours of individual instruction to help determine their job readiness and address the special needs of disabled veterans.

However, this is the identical DTAP Program offered to all transitioning disabled veterans across the Nation. This 3-day program provides valuable support, but it only provides general employment information and at no time addresses the specific needs of the community in which the veteran lives and serves.

Unfortunately, this means that frequently there is a void of information on local labor market conditions that result in veterans using their benefits to train for jobs that do not exist in their own communities.

Mr. Jeffrey Askew, who is Director of the Marion County Veterans Service Center in my hometown of Ocala, Florida, has said many veterans have used their Federal job training benefits for information technology—IT career training. However, Ocala has little demand for IT professionals and veterans are often advised to move to Orlando where there are many more opportunities for them.

Upon finally getting settled back into civilian life, it is frustrating and unfortunate to say the least to be forced to uproot one more time and move your family to an unknown city.

I am concerned about this problem and I believe, my colleagues, I have an easy solution. Currently there is a maze of Web sites with confusing and sometimes out-of-date information on employment conditions. My legislation would provide better information to veterans on their local job market needs.

The "VET Job Act" directs the Secretary of Veterans Affairs and the Secretary of Labor to conduct a joint study on the greatest employment needs in various job markets around the United States and post the results on the VA web site. These results would then be updated annually to reflect the current and possible changing needs in the local job market.

With this tool, veterans could simply plug in their zip code and see a list of the occupations that are in most demand within their commuting area and subsequently use their Federal job training most effectively.

The Department of Labor already has the infrastructure in place for this kind of research, so this is a practical low-cost solution. In fact, the Congressional Budget Office has unofficially scored this proposal as having insignificant cost, insignificant cost for immeasurable benefit to our veterans.

Further, the “VET Job Act” has broad bipartisan support and has been endorsed by many veterans’ organizations including the American Legion, the American Veterans (AMVETS), Veterans of Foreign War of the United States, the Blinded Veterans of America, and the Paralyzed Veterans of America. In addition, my bill has 44 co-sponsors from both sides of the aisle.

So, Madam Chairwoman, I appreciate the opportunity to testify and allowing me this opportunity to talk about the “VET Jobs Act” and I look forward to working with you and the Ranking Member on passing this bill.

[The prepared statement of Congressman Stearns appears on p. 51.]

Ms. HERSETH SANDLIN. Thank you, Mr. Stearns, and thank you for taking time out of your busy schedule to join us today to speak about your important bill. Certainly the efforts that you make on the full Committee and on other Subcommittees to address employment needs and other needs to make the disruption in their lives during that transition as small as possible.

Certainly Mr. Boozman and I have been working on this Subcommittee to address some of the issues that you are trying to get at in your bill. Again, we appreciate the introduction of it and the opportunity to hear from you directly today. Thank you.

I would now like to invite the second panel to the witness table. Joining us on our second panel of witnesses are a set of other colleagues and it includes the Honorable John Yarmuth, the Honorable Robin Hayes, and the Honorable Artur Davis, as well as the Honorable Patrick Murphy.

I welcome all of you gentlemen to our Subcommittee. As I have done with the other witnesses, we thank you each for introducing bills that we think get at the heart of the issues that we have analyzed and explored throughout a number of hearings in this Subcommittee.

We are pleased to have you here. Thank you for joining us. I know the schedules can be unpredictable, but we look forward to hearing directly from you.

I would like to go ahead and start with Mr. Yarmuth. You are recognized for 5 minutes.

STATEMENTS OF HON. JOHN A. YARMUTH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KENTUCKY; HON. ROBIN HAYES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA; HON. ARTUR DAVIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALABAMA; AND HON. PATRICK J. MURPHY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

STATEMENT OF HON. JOHN A. YARMUTH

Mr. YARMUTH. Thank you, Madam Chairwoman, Members of the Subcommittee. I greatly appreciate the opportunity to be here today to discuss the “Second Chance for America’s Veterans Act.”

As a small pilot program, the Incarcerated Veterans Transitional Program or IVTP has reduced recidivism by 90 percent among participants and saved the taxpayers \$1.6 million in each of the six locations where it has been implemented over the last 3 years.

We are here today because by expanding this tremendous level of success to a national scale, we could provide hope for thousands of men and women who return to civilian life after years of serving their country.

In my hometown of Louisville, Kentucky, Richard Waddell returned home 10-percent disabled and suffering from Post Traumatic Stress Disorder, honorably discharged after 9 years service in the National Guard, Army, and Marines. He had no job, no support, and a family to feed. Out of desperation, he turned to robbery and was apprehended by law enforcement while buying groceries for his family.

Unfortunately to this point, Richard's story is far from unusual among American's veterans. Where his story departs is that when he was released from jail for the second time, he met an IVTP representative. The IVTP worker first helped him with the essentials, clothes, food, and transportation. And from there, the dignity and respect that Richard had earned serving our Nation returned.

Thanks to the help of IVTP, Richard was able to activate his VA benefits and register for disability and he now has an apartment and holds a good job. Next week, he will begin college. And a future that once seemed bleak at best is now bright and full of promise.

IVTP has similarly aided 328 veterans in Kentucky by partnering veterans transitioning out of prison with a professional mentoring staff composed of veterans to help them get back on their feet. Of those 328, just 22 returned to criminal activity after engaging in the program, a recidivism rate of seven percent.

That number is impressive by any standard, but for a veteran population that sees over half of its ranks return to prison, the success of this program is extraordinary. Abandoning this success and the men and women who served our country would not only be counterproductive, but would also send a message that our veterans only matter when our country needs them and not when they need our country.

The "Second Chance for American Veterans Act" would expand the highly successful IVTP pilot to a competitive grant program in 24 locations across the United States. Providers would assist veterans who are exiting the corrections system by connecting them with transitional housing, employment services, mental health and/or substance abuse services and other community support.

After all that our veterans have given for this country, providing them with such vital, effective, and proven services should be an obligation, not an option. But this is not only about giving or forgiving. This is also a matter of working for our National interests.

In Kentucky, we have the most rapidly growing prison population in the Nation, a fact that has had a devastating effect on the fiscal reality of the commonwealth. To keep a convict in prison for a year, Kentucky spends over \$18,000. By comparison, Volunteers of America, which currently administers this program, spends between \$700 and \$1,200 to give a veteran the tools to stay out of prison and contribute to society for a lifetime.

At a time when we search to find new approaches to stimulate the economy and get a handle on America's ever-growing deficit, the "Second Chance for Veterans Act" offers the opportunity to support a program with a proven track record of providing immediate

and substantial return on our investment while also repaying a debt to those in uniform who sacrificed to serve our country.

This is a unique win-win for government. Still, the Department of Labor has chosen not to continue this highly successful program and without action by Congress, thousands of worthy veterans in need would be abandoned by the Nation they served, left to bounce around our overcrowded prison system.

So I thank the Committee for looking into this legislation and I strongly urge the Members to support passage of H.R. 3467, the "Second Chance for America's Veterans Act." Thank you, Madam Chairwoman.

[The prepared statement of Congressman Yarmuth appears on p. 52.]

Ms. HERSETH SANDLIN. Thank you, Mr. Yarmuth.

Mr. Hayes, you are recognized.

STATEMENT OF HON. ROBIN HAYES

Mr. HAYES. Thank you, Madam Chair and Members of the Subcommittee, Mr. Hall. Thanks for bringing wisdom to the Subcommittee today.

Chairwoman Herseth and other Members of the Subcommittee, thank you for the opportunity to be here to address your Subcommittee on an issue that impacts our National Guardsmen. Today I am proud to stand before this Subcommittee in support of a critical piece of legislation, "National Guard Employment Protection Act of 2007."

As the Subcommittee is aware, the National Guard operations tempo has increased exponentially since September 11th and the Federal duties they have been charged with have created a unique situation.

Previously, National Guard doing Federal missions were called up under title 10 to active-duty status. The Global War on Terror (GWOT) became increasingly apparent and there needed to be a mechanism to allow the National Guard to perform Federal missions in Title 32 status. It is obvious that good staff work has helped put this together because this was difficult to find. I thank Ms. Shirley for her effort.

It has become clear that unified State, Federal cooperative employment of the National Guard provides a uniquely powerful tool to address domestic security needs. Some examples of this type of Federal Title 32 duty are air sovereignty, providing air defense for our Nation, airport security, operations in support of natural disasters, fighting wildfires, and border security to name a few.

More and more often we see operations in which the Federal Government provides the funds, the State Governors provide the authority and control to execute operations to secure the homeland.

This means that a greater number of National Guardsmen are performing such duties, which unfortunately, are not covered under the Uniformed Services Employment and Reemployment Rights Act (USERRA). Prior to September 11th, there were essentially no operational missions conducted by the Guard under Title 32, so there was no loophole in the protection afforded Guardsmen for their Federal service.

To address the loophole, I along with Congresswoman Madeleine Bordallo of Guam, introduced H.R. 3798, the "Employment Act." The bill would amend the "Uniform Services Employment and Re-employment Rights Act 1994," USERRA, to authorize the Secretary of Defense to include full-time National Guard duty for exemption from the USERRA 5-year limit on service.

Passage of the legislation will ensure that National Guard members are not forced to choose between keeping their civilian jobs and serving our Nation.

Since USERRA already authorizes exemptions for service supporting critical active-duty missions, this amendment would simply correct a disparity in the treatment of National Guard members.

It is essential that we make sure all our Nation's heroes are given adequate opportunity to support Federal missions without it affecting their civilian job. The Guard has increasingly been called on since September 11th. North Carolina has been one of the highest mobilization rates at over 97 percent.

Whether protecting our skies, saving lives in national disasters, enhancing security, there is no doubt that the Guard is an essential part of the total force. America's Guardsmen should never be put in a position where they are forced to choose to support a critical mission or to protect their civilian jobs.

Seven years into fighting the Global War on Terror, we are starting to see a small but increasing number of Guardsmen bumping up against their 5-year USERRA protection. According to statistics provided by the Guard Bureau, since September 11th, 6,984 of our soldiers have been called up to perform Federal missions under Title 32. Currently, 1,719 Guardsmen are performing duty under Title 32 orders.

Air Guard has especially been impacted, particularly those airmen performing air sovereignty alert missions. They are by no means alone in their situations. This loophole affects the entire National Guard.

If the "Guard Employment Protection Act" is not passed, National Guardsmen may be forced again to choose between their jobs and serving the Nation. Unfortunately, this is already starting to occur. The problem would get worse as we near the current USERRA 5-year protection limit.

The Guard is performing critical missions under Article 32. We need to close this loophole. Legislation is fully supported by the Enlisted Guard Association and the United States National Guard Association. I believe they are in the room today. They have included their letters of endorsement for the record.

[The letters are attached to Congressman Hayes prepared statement, which appears on p. 53.]

The Bureau and U.S. Department of Defense (DoD) also favor the closing of the loophole to protect the Guardsmen. Citizen soldiers fight to protect our Nation and our freedom. The very least we can do is protect their right to serve and retain their livelihood for themselves and their families.

Thank you very much for your serious consideration of this Act. I know all the Members of the Subcommittee obviously share my commitment to the Guard and strongly urge passage of the legislation. Thank you very much.

[The prepared statement of Congressman Hayes appears on p. 53.]

Ms. HERSETH SANDLIN. Thank you, Mr. Hayes.

Mr. Davis, you are recognized for 5 minutes.

STATEMENT OF HON. ARTUR DAVIS

Mr. DAVIS. Thank you, Chairwoman Herseth Sandlin, and thank you, Mr. Hall. Good to see you as well.

Now, let me begin by thanking the Chairwoman for her leadership since she came to the Congress 4 years ago on these issues. It is much appreciated.

Let me thank the Committee for giving me an opportunity to testify today on the "Reservist Access to Justice Act," H.R. 3393. I am proud to co-sponsor this legislation which deals with the employment rates of our Guards and Reservists.

I am happy to cosponsor this bill with Jason Altmire from Pennsylvania whose district has one of the highest percentages of Guards and Reservists serving in the country and with Tim Walz from Minnesota who is the highest Ranking Member of the Guard serving in the U.S. Congress right now.

It would be inconceivable, Madam Chairwoman, to think, any single one of us, that any employer in this country would terminate someone because he or she served America. It would be inconceivable to any of us in this room that any employer in this country would decline to promote someone or cause someone to suffer an adverse condition of employment because he or she served this country.

But as inconceivable as it is to us, as illegal as it is under current law, it happens. Let me give the Committee some numbers to put this in perspective.

Between October 1st, 1996, and June 30th, 2005, 10,061 complaints were filed with the Department of Labor by Guards and Reservists alleging that, exactly what I just described, happened to them at places of businesses around this country.

About 70 percent of individuals who believe they experience discrimination, actually did not even file a lawsuit, were not aware of their protections under the law, or the law was so weak that it was not worth their while or worth the while of counsel. We do have a Federal statute. Mr. Hayes referenced it. It is called USERRA. It is a good statute, but in many ways, it does not have teeth.

Guards and Reservists who file suit under this statute are doomed to a second-class kind of litigation status. They are limited substantially in the damages they can collect. If a judge finds that they have been fired because of their status as a Guard or Reservist, right now the judge does not have the authority to even put them back at work. They cannot get punitive damages as many individuals do who sue after being wrongfully discriminated against and they face a variety of other procedural hurdles.

Well, this bill, H.R. 3393, seeks to give us the USERRA that our country deserves and that our Guardsmen and Reservists deserve. Let me outline some of its specific provisions.

Importantly, this bill would expand the availability of the damages that are available. Without getting into too much technical lawyer talk today, right now Guard and Reserve members often

cannot get compensatory damages. Only in limited circumstances can they get those damages. This bill would make those damages automatic unless an employer can show a good faith reliance on the law that would bring Guards and Reservists in line with all of the kinds of employment litigants around the country.

Our bill would provide for punitive damages in the worst and most egregious cases of discrimination. That is what the law normally provides. When African Americans or women or other individuals believe that they have been discriminated against because of their status and their employer is an especially bad case offender, they can get punitive damages. This bill would allow the same opportunity for Guards and Reservists.

This bill would hold State governments accountable. It might amaze us that any entity funded by taxpayers would practice discrimination against our citizen soldiers, but some do for various reasons. Right now they are exempt from USERRA. We would hold them accountable.

We also would allow plaintiffs when they win these cases to get attorneys' fees. As the lawyers in the room recognize as a practical matter, it is tough to get good lawyers to bring employment discrimination cases unless they know they will have a chance to recover the cost of their labor because sometimes the damage awards are not great enough to compensate them.

I end simply by saying this. There have been 600,000 individuals who have been called up to serve this country since we were attacked on September 11th. At one point in 2005, nearly 50 percent of the soldiers in theater were members of the Guard and Reserve. Sometimes the numbers have even gone higher than that.

These individuals who constitute the best citizen soldier force on God's Earth deserve the strongest level of protection we can give them and they ought not be second-class litigants in any court.

And I thank the Committee for its consideration.

[The prepared statement of Congressman Davis appears on p. 57.]

Ms. HERSETH SANDLIN. Thank you, Mr. Davis.

Mr. Murphy, welcome to the Subcommittee. You are recognized for 5 minutes.

STATEMENT OF HON. PATRICK J. MURPHY

Mr. MURPHY. Thank you very much, Ms. Chairwoman. I would like to thank you, Chairwoman Herseth Sandlin, Ranking Member Boozman, and also Congressman Hall, for holding this hearing and giving me an opportunity to speak on behalf of my bill, H.R. 3298, the "21st Century Servicemembers Protection Act."

I would also like to thank the Members of the Committee staff for your continued great work.

I would also like to ask the Committee again to grant permission for letters of support for this bill written by the Veterans of Foreign Wars, the Association of the United States Army, the Military Officers Association of America, the Fleet Reserves Association, and the National Guard Association of the United States be entered into the record.

Ms. HERSETH SANDLIN. Hearing no objection, so ordered.

[The letters are attached to Congressman Murphy's prepared statement, which appears on p. 59.]

Mr. MURPHY. Soon after my election to Congress, a friend of mine, Captain John Gross, a Judge Advocate General (JAG) attorney who does legal assistance work with the 101st Airborne Division, the Screaming Eagles, contacted me to let me know about a growing problem that many deployed servicemembers are currently facing.

He explained to me that many of the soldiers he worked with have had their credit reports damaged during their deployment over issues concerning their contracts with cellular telephone or Internet service providers. This JAG attorney was able to put one of his own contracts on hold during his deployment, but to do so, he was forced to pay a costly fee.

Looking into this further, I also discovered that some financial institutions were slow or unwilling to reduce servicemembers' interest rates during their deployment even though these creditors are already required to do so by law.

I learned that when servicemembers and their families ran into problems with service providers and creditors, they not only had to deal with the strain of deployment, but also faced repeated harassment by collection agencies.

We owe the men and women of our Armed Forces better than this. For decades, the "Soldiers and Sailors Civil Relief Act" and its successor, the "Servicemembers Civil Relief Act," (SCRA) have provided crucial financial protection for soldiers, sailors, airmen, Marines, and Guardsmen.

As we continue to send a new generation of servicemembers into harm's way, it is our obligation as Members of Congress to update and modernize SCRA for today's troops.

The "21st Century Servicemembers Protection Act" expands the SCRA to cover service contracts such as cell phones, utilities, cable television, or internet access. Similar to provisions that currently exist for residential and automobile leases, this legislation will allow troops with deployment orders to more easily terminate or suspend their service contract without fee or penalty.

Currently creditors who knowingly or negligently fail to reduce interest rates upon notification from a soldier with deployment orders face no specific penalty.

Another provision of my bill would add a penalty to those creditors who refuse to reduce interest rates after they are already required to do so under SCRA.

As a veteran of the United States Army and the War in Iraq, I know how important it is that our troops be able to focus on accomplishing their mission and coming home safely without worry about their credit rating or whether bill collectors are harassing their families.

Since this bill's introduction, my staff and I have worked with the industries that will be affected by this legislation. In doing so, we have developed compromised language that I believe maintains the intent of the bill as introduced while alleviating the concerns of the companies that will be affected by the passage of this legislation.

Notably we have adjusted the penalties to remove imprisonment and made the size of any civil damages more reasonably tied to the size of the violation. It is with great hope that the Committee will adopt this revised language when the bill moves to markup.

We realize that there will still be a few adjustments that could be made to the language of the bill and my staff and I are eager to work with the Committee and do what it takes to get these protections enacted into law as soon as possible.

This is not a Democratic or Republican issue. This is about doing what is right for our troops.

With that, I would like to again thank you, Madam Chairman, and the Ranking Member, as well as Congressman Hall for giving me the opportunity to speak today, and I am happy to answer any questions that you may have. Thank you very much.

[The prepared statement of Congressman Murphy appears on p. 59.]

Ms. HERSETH SANDLIN. Thank you, Mr. Murphy, for your military service to the country and for introducing this important bill.

I want to thank all three of you for taking the time to testify here. We have appreciated your insights and we appreciate your hard work and dedication to our Nation's veterans.

Mr. MURPHY. Thanks, ma'am. Ma'am, I would like to note on the record, I see Congressman Hayes' watch of the 82nd Airborne Division. I mentioned the 101st Screaming Eagles. That is the second best airborne unit in the entire world following behind the great all-American division of the 82nd Airborne.

Ms. HERSETH SANDLIN. Very good. Thank you, gentlemen.

I would now like to invite panel three to the witness table. Joining us on our third panel of witnesses today, we have Mr. Ronald Chamrin, Assistant Director of the Economic Commission for the American Legion; Mr. Justin Brown, Legislative Associate of National Legislative Service for the Veterans of Foreign Wars (VFW) of the United States; Mr. Richard Daley, Associate Legislation Director for the Paralyzed Veterans of America (PVA); Mr. Patrick Campbell, Legislative Director for the Iraq and Afghanistan Veterans of America (IAVA); and Colonel Robert Norton, Deputy Director of Government Relations for the Military Officers Association of America (MOAA).

Gentlemen, welcome to the Subcommittee. We are not sure when the next set of votes will be called, but we do have another panel after you. In the interest of time and respect to all the panelists today, I would like to ask you to limit your testimony to 5 minutes.

I know that we have a lot of bills under consideration here and so that may be difficult, but your entire written statement has been entered into the Committee record.

Mr. Chamrin, we will begin with you and you always get us off to a right start in keeping to your 5 minutes, so you are recognized.

STATEMENTS OF RONALD F. CHAMRIN, ASSISTANT DIRECTOR, ECONOMIC COMMISSION, AMERICAN LEGION; JUSTIN BROWN, LEGISLATIVE ASSOCIATE, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES; RICHARD DALEY, ASSOCIATE LEGISLATION DIRECTOR, PARALYZED VETERANS OF AMERICA; PATRICK CAMPBELL, LEGISLATIVE DIRECTOR, IRAQ AND AFGHANISTAN VETERANS OF AMERICA; AND COLONEL ROBERT F. NORTON, USA (RET.), DEPUTY DIRECTOR, GOVERNMENT RELATIONS, MILITARY OFFICERS ASSOCIATION OF AMERICA

STATEMENT OF RONALD F. CHAMRIN

Mr. CHAMRIN. Madam Chairwoman and Members of the Subcommittee, thank you for this opportunity to present the American Legion's view on pending legislation before the Subcommittee today.

America needs a historic investment in the educational future of this Nation's veterans.

When the American Legion wrote the first draft of the "Service-men's Readjustment Act 1944," it changed the course of American history. A generation of heroes was able to join the middle class, achieve homeownership, earn higher education, and live the American dream.

More famously known as the GI Bill, it was hailed by many as the greatest piece of legislation ever. Sadly, as the generations passed and memories dimmed, the GI Bill benefits were so drastically reduced that many veterans either declined or denied even the opportunity to participate in the program.

Few veterans today have the luxury of attending school without also holding a job and many colleges are completely out of reach simply due to financial barriers. The time to change history is once again upon us.

No longer can we continue to call each piece of legislation in the 110th Congress a GI Bill. A true GI Bill encompasses such benefits as housing, employment, job counseling and training, healthcare, and education for veterans. These are the true tools for seamless transition from warrior back to citizen.

A true GI Bill also accounts for the operational force of today's military. The DoD Manpower Data Center reports that since 2002 and as recent as February of 2008, the average cumulative length of activation for all Reserve forces in support of GWOT is 438 days. This accounts for 631,000 Reserve forces that are activated in support of the Global War on Terror.

On H.R. 4883, the American Legion supports this legislation. This legislation would greatly assist those veterans that are deployed to a combat zone and have little time to successfully transition from active-duty military to the civilian sector. It is unfair to expect servicemembers to concentrate on fighting the battle overseas and then simultaneously attend to all their personal matters at home.

Moreover, veterans have a positive track record of following through with payments. During the fourth quarter of 2007, only 2.83 percent of homeowners using the VA's Loan Guaranty Program were seriously delinquent. This is much lower when com-

pared to 6 percent of Federal Housing Administration (FHA) mortgages and a whopping 14.4 percent for the subprime mortgages.

And I will discuss pending legislation to amend the VA Loan Guaranty Program. The American Legion supports elimination of the VA home loan funding fee and petition Congress to appropriate funding to sustain the VA Home Loan Program when the funding fee is eliminated.

Currently only service-connected disabled veterans are exempt from the funding fee. The VA funding fee charged to veterans was enacted to defray the cost of the VA Guaranty Home Loan Program. Congress is not required to appropriate funding for this program. However, because veterans must now buy into the program, it no longer serves the intent of helping veterans afford a home.

Approximately 80 percent of all VA Home Loan participants must pay the current funding fee. In some aspects, the funding fee makes the VA Home Loan Program less beneficial than the standard private loan. This has had a negative effect on many veterans who choose not to participate in this highly beneficial program and loan originations have been declining.

A long overdue remedy to the refinancing laws is needed. In order to strengthen the Loan Guaranty Program, the law should be amended to remove the 10 percent equity requirement in order to refinance a home and to increase the refinancing limit a veteran can obtain to match the maximum loan guaranty amount.

Specially adaptive housing is and will continue to be an important issue as severely wounded veterans heal and transition out of VA polytrauma facilities. For fiscal year 2008, as of March 31st, 550 veterans have had grants approved and 1,500 veterans are in some stage of pursuit today.

I just want to note that there are 7,200 veterans currently being tracked by the VA Loan Guaranty Service that are eligible for specially adaptive housing, but they are not taking advantage of it right now. These veterans could request adaptive housing at any time.

Studies required every 6 years to update plans and specifications are not the proper solution. Rather, update the publication, have continuous oversight, and constant updates to veterans, Congress, and interested parties would better serve the veteran community.

The 800 pound gorilla in the room is the housing crisis affecting veterans. The National Alliance to End Homelessness reports that 930,000 veterans pay more than 50 percent of their income toward housing, be it renting or owning a home.

When testifying before your Subcommittee, economists, lenders, Realtors, and other experts painted a bleak outlook for the future in terms of veterans defaulting and foreclosing on their homes.

If a veteran loses his or her job, has a financial emergency, or some other factor leading to delinquency, nearly one million veterans could be close to losing their homes.

In conclusion, the American Legion appreciates the opportunity to present its views on programs that will affect veterans, service-members, and their families. An anonymous author once wrote, a veteran is someone who at one point in their life wrote a blank check made payable to the United States of America for the amount up to and including my life. That is honor.

And there are way too many people in this country who no longer understand it. We believe that the Subcommittee does understand it and the American Legion thanks you.

Madam Chairwoman and Members of the Subcommittee, this concludes my testimony. I would be happy to answer any questions you may have.

[The prepared statement of Mr. Chamrin appears on p. 62.]

Ms. HERSETH SANDLIN. Thank you.

Mr. Brown, you are recognized for 5 minutes.

STATEMENT OF JUSTIN BROWN

Mr. BROWN. Thank you.

Madam Chairwoman, Ranking Member Boozman, and Members of this Subcommittee, on behalf of the 2.3 million members of the Veterans of Foreign Wars of the United States and our auxiliaries, I would like to thank this Committee for the opportunity to testify.

The issues under consideration today are of great importance to our members and the entire veteran population.

In the history of our Nation, there have always been great men and women who put everything on the line for our country. Our Nation is full of these heroes who join together to create the world's strongest, most impressive, and smartest military.

However, our military is not maintaining the quality of the force. According to a recent U.S. Government Accountability Office (GAO) report, the percentage of high quality recruits in the Army fell to 49 percent in 2006. This is the lowest level in more than 20 years and the lowest among the services. Also, the total number of medical and criminal waivers has risen steadily from 11½ percent of recruits in 2004 to 16.9 percent of recruits in 2006.

From 1973 to 1985, similar recruitment standards produced veterans that were three to four times more likely to be homeless than their nonveteran counterparts even without most of this group suffering the stresses and strains of combat or the mental and physical problems that follow.

The risks and costs of joining the Army are becoming more and more apparent to young men and women who are eligible for recruitment. To join today's military is to risk death, it is to risk mental and physical impairment, it is to risk one's marriage, it can risk the custody of one's children, it can risk employment, and it can risk economic success.

Meanwhile, the military's strongest recruitment tool of a college education is fast eroding as potential recruits learn of the shortfalls and failures of the current benefits provided to those who risk everything for our Nation.

There are two strategies to solve the issue and respectively there are two outcomes. The Army and Marine Corps have not met their goal of high quality recruits since 2003. DoD's response has been to lower recruitment standards, thereby enlarging the pool of eligible recruits to meet their recruitment needs.

The consequence of such actions is creating a situation in which the military becomes the employer of last resort. This will likely lead us to larger expenditures in the long term than investing in a robust, attractive, proven recruitment tool, a GI Bill that pays for

the full cost of education, tuition, room and board, fees, and a cost-of-living stipend.

Increased funding although necessary is not the only issue with our current GI Bill. Our veterans in the military need a GI Bill that incentivizes going to the best college possible, not the cheapest. Also, a new GI Bill ought to equitably distribute benefits to veterans. A single payment system becomes inhibitive to many and too generous for others.

Our military's welfare ought to be considered a cost of war. We can pay it now as an investment or pay it later in much great cost to our government and our veterans. If we decide to defer this cost, it will be for increased appropriations for permanent housing for homeless veterans, increased appropriations for the expansion of the Incarcerated Veterans Transition Program, and increased appropriations due to veterans' further reliance on the VA medical and benefit systems.

The VFW asks that America does its best to ensure our veterans a normal life with the same opportunities as those who chose to go to a college or as those who chose to go into the workforce, vice serving their Nation. It is simple and readily apparent, that if we continue to fail to provide our young men and women a bridge from the all volunteer force back to a civilian lifestyle, fewer high quality young men and women will volunteer to serve their country.

In conclusion, the VFW supports all of the bills before the Subcommittee today. However, we do not agree with the provisions within some of these bills and we do not favor some of these bills in comparison to others that are not being considered in today's hearing.

Madam Chairwoman and Members of this Subcommittee, this concludes my testimony, and I will be pleased to respond to any questions you or the Members of this Subcommittee may have. Thank you.

[The prepared statement of Mr. Brown appears on p. 66.]

Ms. HERSETH SANDLIN. Thank you, Mr. Brown.

There are about 13 minutes remaining in this vote. There are about four votes, approximately 45 minutes.

Mr. Daley, I am going to recognize you for 5 minutes and then I am going to recognize Counsel for the Ranking Member to summarize or read statements that he had intended to put forth on his bills before the Subcommittee and any others. I will have to leave and then resume with Mr. Campbell once we return.

So, Mr. Daley, you are recognized.

STATEMENT OF RICHARD DALEY

Mr. DALEY. Chairwoman Herseth Sandlin, Ranking Member Boozman, Members of the Subcommittee, the Paralyzed Veterans of America would like to thank you today for the opportunity to testify on various pending legislation.

We appreciate the Subcommittee's focus on such a broad range of issues. In the interest of time, I will limit my comments to just a few of the bills while the rest of them are submitted for the record.

On H.R. 5664, specially adaptive housing, while PVA supports the intent of H.R. 5664, we have serious concerns with the lan-

guage of the bill as it is written. The legislation specifically calls for the VA to regularly update specially adaptive housing plans and specifications furnished to the veterans by the VA.

The VA is now responsible for providing plans and specifications to the veterans who are eligible for the specially adaptive grant. It provides assistance to the veterans through the application of ideas presented in the Handbook for Design, Specially Adaptive Housing VA Pamphlet 2613.

We believe that the language of the bill should read the Secretary shall update the Handbook for Design at least once every 6 years. The update should include considerations for new and unique disabilities to include vision impairments, impairment specifically by limb amputation, or some of the serious burn situations that we are having now from the War on Terror.

PVA was fortunate to participate in the hearings held last year regarding the application of specially adaptive housing grant. We are well aware of the unique challenges faced by many of the veterans with complex disabilities incurred while serving in the War on Terror.

However, it is important to understand that the basic accessibility concepts in the VA Pamphlet 2613 are not outdated as implied during that hearing.

If there is a fault, it is that it seems to be basically centered around wheelchair accessibility, but wheelchair accessibility is basically the pamphlet centers around a lot of universal design concepts that are good for a lot of disabilities.

Furthermore, the accessibility recommended in the suggested VA Pamphlet 2613 actually exceeds "Americans With Disabilities Act" recommendations as well as fair housing accessibility guidelines. With that thought in mind, PVA supports the legislation if the language can be changed to reflect the intent of the bill.

The bill, H.R. 3889, the study of the vocational rehabilitation, PVA fully supports H.R. 3889, a bill that would require the VA to conduct a longitudinal study of veterans who enter the vocational rehabilitation program beginning with fiscal year 2008.

We believe that the Vocational Rehabilitation and Employment (VR&E) is critical to the reintegration of severely disabled veterans into civilian life. The primary mission of VR&E program is to provide veterans with service-connected disabilities all the necessary services and assistance to achieve maximum independence and daily living and to maximize the extent feasible to become employable and to obtain and maintain suitable employment.

In fact, PVA places such an importance on vocational rehabilitation that last year, we designed our own vocational rehabilitation program to further support what the VA is currently doing.

The concept of the program is to provide vocational rehabilitation services under a PVA corporate partnership that augments many of the existing vocational programs. PVA believes that by introducing the veteran with a spinal cord injured disability to vocational rehabilitation counseling soon in their rehabilitation process is beneficial for the veteran.

The partnership that the VA and Healthnet Federal Services has, PVA opened its first vocational rehabilitation office in the Spinal Cord Center of the VA Medical Center in Richmond, Virginia,

in July of 2007. The workload in our pilot office has grown rapidly and our PVA vocational rehabilitation counselor in Richmond is currently carrying a caseload of more than 107 veterans. Encouraged by our rapidly growing caseload in Richmond, the establishment of productive relationships with the VA's Veterans Health Administration and Vocational Rehabilitation and Employment, PVA recently opened a second vocational rehabilitation office in Minneapolis under the corporate sponsorship of TriWest.

Ms. HERSETH SANDLIN. Mr. Daley, I am sorry. I am going to have to cut you off because I still want to get Mr. Brinck recognized before I have to get over to the Capitol. Okay?

Mr. DALEY. Okay.

Ms. HERSETH SANDLIN. And then——

Mr. DALEY. Thank you for this opportunity.

[The prepared statement of Mr. Daley appears on p. 69.]

Ms. HERSETH SANDLIN. You bet. Thank you, Mr. Daley.

Mr. Brinck.

Mr. BRINCK. Thank you, Madam Chairwoman for extending the courtesy to me. I will just very quickly summarize Mr. Boozman's two bills that you have been so good to bring before the Committee.

H.R. 3681, the "Veterans Benefits Awareness Act of 2007," will authorize VA to use national electronic media to advertise veterans' benefits, employment at the VA, whatever they would deem appropriate.

I know when we were researching the background on this bill, there seemed to be difference of opinion among the VA staff as to whether they were currently authorized under law to spend appropriated funds in that manner. This would make it clear that the Congress' intent is to modernize the way VA does this outreach.

The second bill, H.R. 3889, would require VA to conduct a 20-year longitudinal study for those participating in vocational rehabilitation. Unfortunately, the data that the Department has on the outcomes of vocational rehabilitation and you could probably also say the other business lines within VBA is relatively sparse. And I would note that the Department's testimony, while it opposes the bill, has some, I think, good technical corrections that will improve the bill and we would certainly like to consider those as we move forward.

And, finally, I would like to read Mr. Boozman's statement in support of H.R. 5684, your GI Bill. It says, "as an original cosponsor of your GI Bill, H.R. 5684, I believe that unlike some other of the nearly 40 veterans' education bills that have been introduced, H.R. 5684 is an approach that is manageable and affordable. Veterans will get between 17,000 and 18,000 per school year, not counting other Federal aid, and VA will not be required to retool its system to pay the benefits."

"I am very pleased that we will be taking action on improving education benefits for our veterans and I look forward to passing the bill next week."

Thank you very much, Madam Chairwoman.

Ms. HERSETH SANDLIN. Thank you.

I will return hopefully in not too much time.

Thank you for your patience and we will resume with Mr. Campbell. Thanks.

[Recess.]

Ms. HERSETH SANDLIN. Okay. Thank you for waiting. Sorry it took longer than we anticipated.

Mr. Campbell, you are now recognized for 5 minutes.

STATEMENT OF PATRICK CAMPBELL

Mr. CAMPBELL. It is kind of like icing the kicker. But, no. It is very good to be back.

Madam Chairman, Members of the Subcommittee, thank you for this opportunity to testify. It is very good to be here and not have to leave to go to class or go study for the Bar. It truly is wonderful.

We want to start off by saying that IAVA believes that H.R. 5684, the "Veterans Education Improvement Act," with its substantial increases in the level of education benefits and innovative modifications to Chapter 30, will help veterans across the country to see a considerable improvement in their education benefits.

We thank the Chairwoman and this Committee for their hard work in creating this bill. And we look forward to working with you to make sure that this bill is the best bill it can be.

With that, as we have 13 bills, we are going to try to get to, what recommendations we feel would be good additions to this bill.

IAVA does have some concerns that this bill does not address key structural flaws with the current benefit system. First, flat rate education benefits creates an incentive for veterans to go to the cheapest school and does not reward veterans for challenging themselves.

The genius behind the original 1944 GI Bill was that it challenged veterans to be all they could be by rewarding those who challenged themselves and attended better and more expensive schools.

However, under this proposal, a veteran attending a community college in rural America will be pocketing almost \$7,000 while other veterans will still need to take out loans or to work to see their education paid for.

If you look at my testimony on page 2, you will see how this current proposed benefit in this program is broken out between 4 different schools, Southeast Technical in your State, Madam Chairwoman; the University of Arkansas; my school, California Berkeley; and Notre Dame, which two of the distinguished Members went to.

Now, I am the first to admit when I was wrong. When I originally read this bill, I thought the \$500 benefit, the monthly stipend was going to be starting right away. Because it is not starting for 2 years, you actually need to subtract \$4,500 from the amount that I have given. So let me make a few little adjustments here.

If you attend Southeast Technical under the current bill for the next 2 years, you will only be getting \$2,350 more than you would need to go to Southeast Technical. If you were to go to University of Arkansas, this bill would leave \$4,108 to be able to afford to go to the University of Arkansas. If you were to go to University of California, it would be \$12,200, and Notre Dame, \$35,600.

Now, IAVA would like to see that the \$500 be implemented right away and just included in the original benefit. There is no reason to make it a monthly stipend, just make it part of the initial increase.

If you still want to wait 2 years, we encourage you to not make it a monthly stipend, but increase the benefit in 2 years because, otherwise, you are going to get in a situation where Reservists are not going to be able to get this benefit. I am worried that they are not going to be able to get this benefit because the way it is structured right now, it says that those people taking "under this chapter" and because Reservists take under Chapter 1607, a different chapter, it would exclude them from this bill.

Also, for many veterans, as I just laid out, attending schools in high cost urban areas, this benefit will not cover the full cost of an education. It will not cover the cost at any of the University of California campuses, nor 14 of the California State Universities.

IAVA believes that we need to make a commitment to our veterans that if a veteran wants to attend a public university anywhere in the country, it should be covered by the GI Bill.

We, therefore, recommend modifying this bill to provide an incentive for veterans that challenge themselves by creating a tuition credit to a set amount, preferably the average tuition cost at a public university. This will ensure every public university is within reach for our service men and women and that the benefit will challenge those to be the best they can be.

Lastly, IAVA is concerned that this bill does not have a mechanism for keeping the benefit up with the rising cost of education. By looking at the second chart on my testimony on page three, you will see that in 10 years, we will be in the same situation we are right now where 2-year universities will be the only type of benefit available to veterans who depend on their GI Bill benefits to pay for school.

IAVA recommends linking yearly increases of education benefits to be based on the rising cost of education as tracked by the Department of Education and not on the consumer price index as is done now.

We appreciate the work that you and the Committee have done on this bill. We look forward to working with you to ensure that we keep our promise to veterans that they can go to school both now and tomorrow.

[The prepared statement of Mr. Campbell appears on p. 72.]

Ms. HERSETH SANDLIN. Thank you, Mr. Campbell.

Colonel Norton, you are now recognized for 5 minutes.

STATEMENT OF COLONEL ROBERT F. NORTON, USA (RET.)

Colonel NORTON. Thank you, Madam Chairwoman. It is good to see you again and we thank you and the Members of the Subcommittee for this opportunity to appear before you today on behalf of the Military Officers Association of America.

Listening to Patrick, I just want to say it is just an honor for me personally to work with this distinguished young American veteran and a number of the other folks at this table. Patrick has been a tireless advocate for the GI Bill representing the brave young men and women who have served in Iraq and Afghanistan. And we really appreciate the work that he and his colleagues in IAVA have done on the GI Bill.

In a hearing before this Subcommittee, Madam Chairwoman, in January, I stated that MOAA's top two priorities for the GI Bill

this year are, first, to raise rates to cover at least the average cost of a public college education and, second, to authorize Reservists to earn GI Bill benefits for multiple tours of active duty.

We are very pleased to see that H.R. 5684, your bill, addresses the first priority and then some. The upgrades in H.R. 5684 are substantial. We thank you, Madam Chairwoman and Ranking Member Boozman, for the bill and we support it.

Our second priority, however, permitting Reservists to accrue GI Bill benefits as they serve on active duty is not addressed in H.R. 5684. However, I was very encouraged to hear you and Chairman Filner and the full Committee Ranking Member, Mr. Buyer, talking about the need for what Mr. Buyer called an "equity fix" in this regard and the fact that you share the sentiment that we need to do more for our Reserve warriors.

And for that reason, MOAA strongly supports as a first step passage of Chairman Filner's H.R. 4889 to integrate the operational Reserve GI Bill into title 38.

When General Petraeus completed his testimony before Congress last week, the President announced that the Army rotations to Iraq and Afghanistan will be reduced to 12 months going forward, that can only mean that there will be more deployments of Guard and Reserve units.

If the Army is going to be able to sustain operations in both countries for the indefinite future, it can only do that through increased deployments and call-ups of our Guard and Reserve troops. They are bearing a bigger share of the operational load and that will only increase in the future. They should not be denied credit for all of their active-duty service. The principle on this issue is quite simple. Same service, same battlefield, same benefits.

MOAA also strongly supports legislation to improve financial protections for our troops under the "Servicemembers Civil Relief Act." H.R. 3298 would allow a servicemember who receives a permanent change of station or deployment order to terminate its cell phone or similar personal services contract without steep financial penalty.

Chairman Filner's H.R. 4883 would protect a returning servicemember for 1 year from a mortgage foreclosure or property seizure action. MOAA urges the Subcommittee to endorse both measures.

MOAA and our colleagues in the Military Coalition also strongly support H.R. 3393 to strengthen reemployment rights protections for our activated troops under the "Uniform Services Employment and Reemployment Rights Act."

In addition, we recommend the Subcommittee adopt legislation to assign one Federal agency the responsibility to track and report both formal and informal claims under the USERRA as recommended by the GAO.

I want to close, Madam Chairwoman, by offering a few remarks on what we see as an historic opportunity before this Subcommittee and the Congress.

I met the author of the GI Bill named for him, the late G.V. Sonny Montgomery, on a number of occasions. Early this decade, Mr. Montgomery spoke at the first press conference of the Partnership for Veterans Education, giving his endorsement of a new total

force GI Bill that would match benefits to the average cost of a public college education.

Today there is a rising tide in both chambers to do the right thing on the GI Bill this year. And, of course, you and your fellow colleagues on the Subcommittee were talking about that at the beginning of this hearing.

There are different approaches to that goal, but it is a goal that more and more lawmakers are recognizing and embracing in both the House and Senate. We at MOAA fervently hope that Members of this Subcommittee and the entire Congress will be able to look back with enormous pride years from now on their work today on the GI Bill.

As with the great World War II GI Bill, the GI Bill that bears Mr. Montgomery's name and which helped the fragile all volunteer force experiment to succeed, we believe this is a rare moment to make a new GI Bill for a new century and a new force.

A better GI Bill will be an engine for quality recruiting and a sound investment not only in and for our warriors but for the future of our great Nation.

Thank you, Madam Chairwoman. I look forward to your questions.

[The prepared statement of Colonel Norton appears on p. 78.]

Ms. HERSETH SANDLIN. Thank you. I appreciate the testimony of all of our witnesses.

Let me start with posing a question to all of you, but most directly in response to verbal testimony you provide to the Subcommittee to Mr. Brown, Mr. Campbell, and Colonel Norton.

Given that there is broad agreement as you heard at the outset of this Subcommittee hearing for a comprehensive approach, can you describe to me how you have been working with the House Armed Services Committee as it relates to addressing the provisions for Selected Reserve within their jurisdiction?

Colonel NORTON. Well, first, I would like to say, Madam Chairwoman, that while—the issue of jurisdiction is a real one, inside baseball, if you will, and the issue of mandatory spending is a real one, the fact of the matter is that soldiers on the battlefield serve together. They deploy together. They go into harm's way together. And we believe there is a way to overcome the jurisdictional, the territorial turf battles involving this issue.

And I agree with you and Ranking Member, Mr. Buyer, that I think Representative Snyder is a key guy, a key Member to move this issue. And I am also encouraged by the fact that a senior Defense Department official said before your Subcommittee in January that he sees no objection from the Department in moving the Reserve GI Bill, the operational GI Bill under Chapter 1607, title 10, over here to title 38. And that is where I would start on any discussion on this.

Ms. HERSETH SANDLIN. Okay. Before other responses, I agree that we should not allow jurisdictional issues to result in a lack of focus of those of us on Committees, but perhaps do not have direct jurisdiction over these issues to make noise and advance the effort.

However, we undertook that last year. We undertook the jurisdictional change last year working with all of you and we did not get it done. Now, we made some steps forward to, perhaps, that

way and I agree that Dr. Snyder is a key Member on this Committee, on the Armed Services Committee, in doing so.

We do not want to limit our options in making improvements. I would hope that you would all keep us apprised as to your work with other key Members both on the House Armed Services and the Senate Armed Services Committee as it relates to finally enacting a jurisdictional change that will ease the way of addressing the equity issues for the National Guard and Reserve.

That is why I posed the question, because we, on this Committee, are always assisted enormously by your efforts, when we know that you working alongside with us are making inroads with Committees that have the jurisdiction as of today versus the jurisdiction that we wish we had today.

Mr. Campbell or Mr. Brown, do you care to also address this question?

Mr. CAMPBELL. We have been working with Members of the House Armed Services Committee, but not with the staff. I know I have talked to your staff about this before. We have been dealing directly with Members, talking about the need for having this fix. We have not approached the staff directly.

Mr. BROWN. Madam Chairwoman, I concur with Patrick's comments. We have been actively engaging the individual Members in regards to increasing the GI Bill and especially in regards to the Reserve and Guard issues, but we have not actively talked about jurisdictional issues.

Ms. HERSETH SANDLIN. Let me just say before moving on to other questions, some of what we have been working on outside of the formal Committee hearing process is also inside baseball in keeping all of our strategic options open in getting this objective achieved.

While I understand the concern that the bill under consideration today that Mr. Boozman and I introduced does not include some of the provisions that you would ultimately like to see enacted, it does not include provisions I would ultimately like to see enacted.

Mr. Boozman and I, as you know, have been pretty loud advocates for addressing the equity issue and working with our colleagues both here in the House and in the Senate.

However, I think that one could make the argument that if we can get momentum behind this bill, that will improve our position to make the case that we also have to address the equity issue for Guard and Reserves if we move this bill, because then you have a greater gap if you do not do so.

I just want to lay that out so you understand my thinking to try to keep all options on the table as we continue these rather onerous negotiations with a lot of different players not only in our chamber but over in the Senate.

Mr. Campbell, in your testimony, I just want to make sure that I am clear so that we can get on the same page with regard to facts and we know what sources everyone is using.

You state that the average cost of a public school education is \$17,336 a year. We contacted the U.S. Department of Education who informed us that for the 2007–2008 school years, tuition and fees were \$6,185, room and board, \$7,404 for a total of \$13,589.

That information comes from the College Board's annually updated publication of trends and college pricing.

Mr. CAMPBELL. I used the same one, but on the next page where it talks about, the same exact document that you are using, there is actually miscellaneous expenses, that we need to be talking about when discussing the total cost of education, not just tuition, room and board. The next page says that the total cost is 17,336 per year for a public school for next year.

So one of the things while we were going through this, I had my staff looking at tuition, room and board, but then you also have miscellaneous expenses.

And so what I normally like to do when I reference the total cost of education, I look at what people can apply for in terms of financial aid because the Department of Education authorizes a student up to a certain amount. This expected number is what would be required to actually go to school and make that your full-time job.

And so that is what that number is. And I can get you the reference, but it is the same exact document that you are talking about.

Ms. HERSETH SANDLIN. Okay. I would appreciate if you could get us that information. That assumes that the student is not doing any part-time work, no work study, et cetera, right?

Mr. CAMPBELL. Exactly. Our premise is that school should be their full-time job.

[The information was provided by Mr. Campbell in the post-hearing questions and responses for the record, which appear on p. 72.]

Ms. HERSETH SANDLIN. Let me explore a little with you on this issue of the structural flaw that you think that there is a possibility that veterans will choose the cheapest alternative, you cited Southeast Tech and you cited University of Arkansas and Notre Dame and University of California.

I am interested in exploring this further with you and I am interested in what your fellow panelists would think about this. But, part of what we have tried to do on the Subcommittee as well is to make sure that veterans have a lot of flexibility in utilizing their GI Bill benefits.

While I am certain that there might be a subset of veterans that might make those types of economic decisions and not challenge themselves as much as we may think they have the potential to do, I also know that a number of students who go to Southeast Technical Institute choose Southeast Technical Institute because of their areas of interest and wanting to be trained for a specific vocation, a specific growing industry, that they do not necessarily think a 4-year college degree is better suited to them.

How do we grapple with that issue?

Mr. CAMPBELL. I definitely agree that you need to compare apples to apples, and 4-year universities like Berkeley, University of Arkansas are not for everyone.

If you look at my testimony, in 2000, RAND did a study and came out with the fact that 90 percent of veterans go to 2-year colleges while 38 percent of all students usually attend 2-year colleges.

So what we are talking about is most people end up going to 2-year colleges for their first 2 years and then try to transfer. Now,

that does not mean currently 90 percent of veterans are going to 2-year colleges.

In 2000, of the veterans going to school, 90 percent of them went to 2-year colleges at some point in their college career. So this is twice as much as the average student.

So structurally there is a problem where we incentivize, going to the cheapest school. I mean, when you have a choice between going to a school where you can fully afford it and not have to work and you are going to be able to keep some money versus really challenging yourself, by going out on the limb, because for a lot of these guys, I mean—let us talk about my unit.

Half my guys that I went overseas with had GEDs. When they come home and they wanted to go to Louisiana State University, they could not do it because they could not handle the academic rigor while having two jobs at the same time. If they are going to go to a harder school, school needed to be their full-time job versus if they go to ULL, which is the University of Louisiana Lafayette, the curriculum is a lot easier. They could just go and they did not have to try at all.

And the reason why I know this is because when I contacted the VA about, what are the top 25 schools that, GI Bill users are going to, University of Phoenix tops the list. Eight of the top ten schools are, some form of correspondence courses.

So, I understand that for some people 4-year universities are not the way to go. That is why you create an incentive, so people can choose. You want that flexibility.

That is also why IAVA is recommending that you have a tuition cap of some sort that flexes, that says we will give up to, we suggest at least \$6,000. I would say 80 percent of the people would never get anywhere near that \$6,000.

But for those people who are making decisions, can I go to a tougher school? Can I go to a tougher school versus can I go to a tougher school and work a job? Another job or two jobs just to afford to go there, this tuition will challenge them and give them the way to make going to school their full-time job.

Mr. CHAMRIN. Madam Chair, could I comment on that?

Ms. HERSETH SANDLIN. Please. Then I want to recognize Counsel for the Ranking Member for follow-up questions he may have.

Mr. CHAMRIN. The American Legion views all veterans as equal. So regardless of what they did when they did it, a veteran is a veteran. They should have equal status.

With a flat rate, what that will do is inadvertently have some veterans who served side by side be able to afford, say, a college in Maryland for \$10,000 a year. But if they want to go to another private school, say Duke University, who is another ACC school, they will receive that flat rate, but they will not be able to pay for the whole thing and they will have to take out loans.

They can serve side by side, but that flat rate does not have the equity. So some sort of fix would be probably advantageous to the veteran so there is no, how would I say, people are not jealous of another person for going to a school when they cannot.

Ms. HERSETH SANDLIN. Because of their personal finances?

Mr. CHAMRIN. Let us say someone gets into Duke University. It is an ACC school, costs about \$30,000 a year.

Ms. HERSETH SANDLIN. Right.

Mr. CHAMRIN. I believe that the H.R. 5684 pays what, \$17,000 approximately a year? So they are short \$13,000. If a veteran who serves side-by-side decides to go to the University of Maryland, it costs about ten to eleven thousand dollars a year. They will be able to pay for that school and get additional money.

So now you are having two different tiers of veterans going to college, but they are receiving two different—one will be in debt and then one will receive an overpayment, yet they served the same exact timeframe while in service.

Ms. HERSETH SANDLIN. But I think inherent in your point there is assuming that one of the veterans has an economic background either before going into the service or while in service or other members of his or her family that have the wherewithal to make up the difference in tuition.

Mr. CHAMRIN. If a veteran is able to go to Duke University, able to go to Wake Forest, they should be able to go and not have to take out a full \$17,000 loan to cover the difference that the GI Bill will not pay for regardless of where they come from, their economic status.

Ms. HERSETH SANDLIN. Mr. Chamrin—you are going further than I think Mr. Campbell was going in that you think it should be the full cost of tuition of the veteran's choice.

Mr. CHAMRIN. Right. And similar to the World War II GI Bill for a veteran to go to Harvard, pay for Harvard. If a veteran wants to go to South Dakota, pay for South Dakota.

Ms. HERSETH SANDLIN. I understand what you are saying there, although in my opening statement, I looked at the 2007—I cited a recent report that compared the dollar amount in 2007 dollars and what the original GI Bill was.

Now, I know we want to do some things on this Committee that are not directly in our jurisdiction, but we also have the issue of the rising cost of tuition at private universities as well as public colleges and universities, and we are trying to grapple with that issue too.

I hear what you are saying, and we have seen even a modification of Senator Webb's bill as it relates to the average cost by State. My concern with that is then you are going to have the possibility of veterans maybe going to California schools instead of to South Dakota schools based on the overall amount of what benefit they can reach.

So, there are unintended consequences with all of this, and I appreciate everyone's perspective as to how our bill is constructed, changes you would like to make versus the standard of what you are describing. Do all the panelists still advocate that as a top priority, that we cover the cost of full tuition of the college or university of the veteran's choosing?

Mr. BROWN. The Veterans of Foreign Wars does advocate for that. We are actively engaged in trying to get a GI Bill that is going to pay for the full cost of education at any university.

Ms. HERSETH SANDLIN. But that does not mean you are opposed to bills that have been introduced in the House or the Senate that fall short of that?

Mr. BROWN. No. We are not. Correct.

Ms. HERSETH SANDLIN. I would now like to recognize——

Colonel NORTON. Madam Chairwoman, if I could just add our position, is that we support increasing the benefit to cover at least the national average cost. And with the Partnership for Veterans Education over the last 7 years and the Partnership includes all the major education associations, the idea of benchmarking the benefit so that it keeps pace year after year after year with the cost of education.

That way, in a sense, you kind of overcome the debates because you have a single standard and you are able to match that standard year after year, as you indicated, as measured by the Department of Education's data.

I think that would be a great way, for example, for recruiters to basically market, if you will, the GI Bill, because you have a very clear idea of what is out there, what you get, and what you receive when you complete your service.

Ms. HERSETH SANDLIN. Very good point. While the bill that Mr. Boozman and I introduced does not necessarily have that inflation adjustment, some of the figures that you cite in some of the testimony that was submitted assumes there would be no Congressional intervention to make up for that in better budget times. We certainly appreciate the point you are making, especially as it relates to giving young men and women who may be considering entering the service, to give those recruiters some more concrete information, if it was in law, that it is always going to keep pace rather than wondering at what point in ad hoc fashion Congress might intervene.

Mr. Brinck.

Mr. BRINCK. Thank you, Madam Chairwoman. I appreciate the courtesy you are extending to me.

Just a comment before I ask a couple of questions. I think it is a basic fallacy to equate the quality of an education with the cost of an education. Certainly the elite universities in this country offer first-rate education.

But there are certainly lots of State-supported institutions, you know, you could take any of the major universities, the University of Michigan, the Cal system, are all recognized as wonderful institutions that provide a first-rate education.

So I think making an argument based on the cost of an education is just inappropriate.

Now, do each of your organizations support H.R. 5684? Mr. Chamrin.

Mr. CHAMRIN. At this time, we have not taken a position. We certainly do not oppose. And there are actually a lot of provisions that we like in the bill. But at this very moment in time, we have no position on this bill.

Mr. BROWN. At this time, the VFW does support H.R. 5684. However, it is not our favorite bill in regards to education. We believe that it needs to be based on a system that is relevant to the entirety of the country and the different geographic regions and the different costs of education.

Mr. DALEY. Paralyzed Veterans of America, we would support some of the things in H.R. 5684. But the reduced fee of \$50 a month for the E-1 or E-2 to put in, that is still a lot of money.

And there was not a cost for the World War II veteran to go or the Vietnam era veteran to go. They did not have to put in money to be part of the program. So that is one thing that we would oppose about the program. And, of course, we certainly want to see the Guard and Reserve included in any program, but that is another issue.

Mr. CAMPBELL. IAVA has not taken a position on this bill.

Colonel NORTON. As I testified, we support H.R. 5684.

Mr. BRINCK. Thank you.

Changing the subject slightly, Colonel Norton, you mentioned the USERRA enforcement.

Does each of your organizations have an opinion on what one Federal agency should be responsible for USERRA enforcement?

Colonel NORTON. No, Mr. Brinck, we have not looked into the technical side of that at this point in time.

Mr. CAMPBELL. If I had to speak on behalf of our organization, I would say we prefer the Office of Special Counsel, but that is just me shooting off the hip.

Mr. DALEY. Counsel, we do not have a position on that, but possibly the Department of Justice could take it over. That is some of the talk among some of the veterans groups. But it certainly needs more enforcement than it has now.

Mr. BROWN. The VFW does not have a position on this.

Mr. CHAMRIN. Like everyone else, we do not have a position on this.

Mr. BRINCK. Okay. If there was a bill floating around out there that the Department of Veterans Affairs said would essentially cause VA to administer, have to administer the bill for the benefit program in a manner that would cause a significant increase in the backlog of claims processing for education benefits, would you support that bill?

Colonel NORTON. Put in those terms, no. But I think there are fixes that can be made in terms of administrative software support, et cetera. I mean, those systems, current systems, are 30 years old in the VA. So they have to be modernized in any case.

Mr. BRINCK. But if such a bill passed today and it takes some amount of time to put new systems in place to replace the old antiquated systems, and you are exactly right, by the way, would you still support such a bill?

Mr. CHAMRIN. The American Legion would. We would support the bill. If it passes tomorrow and it takes a year to get the benefit online, it is going to take a year from 6 months from now. It is going to take a year from a year from now. The more we wait, the longer that these veterans are not able to afford the cost of college.

Colonel NORTON. Mr. Brinck, this was an issue, is an issue that was raised by Senator Akaka with respect to Senator Webb's S. 22. And Senator Akaka, however, has agreed to cosponsor the bill. And so the similar concerns that you are asking us about and raising apparently have been addressed to the Chairman of the Senate Veterans' Affairs Committee's satisfaction. So we think other approaches should be looked at as well.

Mr. BRINCK. Thank you, Madam Chairwoman.

Ms. HERSETH SANDLIN. Let me pose a question to all of you about Congressman Murphy's bill on the service providers. In seek-

ing to protect servicemembers from creditors and increased interest rates for credit cards and some of the issues that have arisen for servicemembers with cell phone contracts, do you think that the proposed changes in H.R. 3298 could influence providers in the future to adopt stricter policies for new applicants?

Mr. CAMPBELL. I have been waiting for someone to ask me this question. And, I mean, I—

Ms. HERSETH SANDLIN. Thanks for the thumbs up.

Mr. CAMPBELL. I appreciate it. I appreciate it.

I spent my first day back from Iraq in a Cingular Wireless store for 5½ hours suffering probably my worst fit of Post Traumatic Stress Disorder that I ever had, screaming at people because they would not give me a phone. And I had paid the entire 14 months I was on deployment, about \$15 a month, so that I could keep my service, on the premise that when I got home, I would get, to be able to turn on my service.

And, it is funny because I had to actually leave Cingular Wireless, go and sign up with Verizon. That was the only way for me to get a phone and to get my service turned on that day.

To put in context, we landed 2 days before Hurricane Rita was about to hit. I was with the Louisiana National Guard. So getting a phone was not just about me being about to talk to my family. It was about the fact that we had to evacuate in a day and a half and my family did not know if I was going to be okay.

And so, what I could not understand is while I was fighting with them, they kept coming up with these rules that my father was originally on the account and because the account was made on my father's account and not mine, I was, therefore, denied any protections under the "Servicemembers Civil Relief Act," so that even if I had wanted to cancel the contract right there, they said, oh, you do not even have that right. And I replied I have been a customer with you guys for 3½ years. I have been paying just so I could keep my phone and now you are telling me no.

It took 7 months for me to get this resolved, and a complaint to the Federal Communication Commission. And the taste that was left in my mouth was that we do not have adequate protection for servicemembers dealing with service contracts. A veteran needs to be able to know that they can go away, keep their phone number, and keep their service and not have to pay a fee because if you cancel the contract, you are fine. But if you try to keep the contract, you are at their will. There are no protections whatsoever at that point for you. You pay whatever fee they want. And after 6 months, I started getting bills for the full rate. It was insanity. Like this was a huge—I am sorry. I get a little passionate about this.

Ms. HERSETH SANDLIN. Would H.R. 3298 as drafted, as written, would it have solved the particular problems you experienced?

Mr. CAMPBELL. Yes. And specifically it is modeled after the "Illinois Cell Phone for Servicemembers Act" that was passed a couple years ago. That has been quite successful in Illinois. Basically it allows you to suspend service. And it gives you that right.

Right now you do not have that right, so, therefore, the cell phone companies or the service providers can decide the circumstances in which that will happen. It also deals directly with making contracts on behalf of, not just making contracts by. That

is a huge difference for a lot of people who are using their parents as a creditor in order to get onto the service contract in the first place.

Ms. HERSETH SANDLIN. Does anyone else care to respond to the question about whether or not the providers would put stricter controls on new applicants? Mr. Campbell, the answer to the question is that, you are not worried based on what you see in the bill and maybe what Illinois' experience has been, that providers would then put stricter controls on even new applicants that are going in?

Mr. CAMPBELL. I mean, there are cell phone companies all over bases, all over the place. They know this is happening. And I am not worried. If anything, the rules that I had to follow while I was there could not get any stricter.

Ms. HERSETH SANDLIN. Anyone else care to comment?

[No response.]

Ms. HERSETH SANDLIN. I apologize to our fourth panel. You have been very patient. I think this may be just one vote, but I will make sure that Mr. Lara here updates you so you can know how much time you may have to be doing other business either on cell phones or being away from the Committee hearing room for a time.

I thank you for your patience. In light of that, we may have some additional follow-up questions that we will want to submit to you in writing. I appreciate your testimony, your service to the country, to our Nation's veterans, and your willingness to come together to address 13 different bills, not all of which address all the same topics, but we do want to move on a number of these bills. Your insights are important to us in a more formal setting in addition to all of the work that has been undertaken with you, with Committee staff on both sides of the aisle.

I thank you for your testimony today. We will take a short recess and then we will come back and begin our fourth panel. Thank you.

[Recess.]

Ms. HERSETH SANDLIN. Sorry to keep you waiting, but we do want to make use of the 20 minutes or so that we might have before I head back for another vote to hear from our witnesses on the fourth panel today.

Participating, we have the Honorable Charles Ciccolella, Assistant Secretary for Veterans' Employment and Training Service in the U.S. Department of Labor; Mr. Thomas L. Bush, Principal Director of Manpower and Personnel for the U.S. Department of Defense; Dr. Curtis Gilroy, Director of Accession Policy, Office of the Under Secretary of Defense for Personnel and Readiness, U.S. Department of Defense; and Mr. Keith Pedigo, Associate Deputy Under Secretary for Policy and Program management for the U.S. Department of Veterans Affairs; accompanied by Mr. John Brizzi, Staff Attorney of the Office of General Counsel for the U.S. Department of Veterans Affairs.

Your written statements have been entered into the hearing record. I appreciate all of you being back to the Subcommittee to address the important bills that are being considered today.

We will start with you, Secretary Ciccolella. You are recognized for 5 minutes.

STATEMENTS OF CHARLES S. CICCOLELLA, ASSISTANT SECRETARY, VETERANS' EMPLOYMENT AND TRAINING SERVICE, U.S. DEPARTMENT OF LABOR; THOMAS L. BUSH, PRINCIPAL DIRECTOR OF MANPOWER AND PERSONNEL, ACTING DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS, U.S. DEPARTMENT OF DEFENSE; CURTIS L. GILROY, DIRECTOR FOR ACCESSION POLICY, OFFICE OF THE UNDER SECRETARY OF DEFENSE FOR PERSONNEL AND READINESS, U.S. DEPARTMENT OF DEFENSE; AND KEITH PEDIGO, ASSOCIATE DEPUTY UNDER SECRETARY, POLICY AND PROGRAM MANAGEMENT, U.S. DEPARTMENT OF VETERANS AFFAIRS; ACCOMPANIED BY JOHN BRIZZI, STAFF ATTORNEY, OFFICE OF GENERAL COUNSEL, U.S. DEPARTMENT OF VETERANS AFFAIRS

STATEMENT OF HON. CHARLES S. CICCOLELLA

Mr. CICCOLELLA. Thank you, Madam Chair. I am pleased to appear before you today to discuss 4 of the 13 bills that you are looking at today. I will just move very quickly through them.

H.R. 3646 is a joint study on employment needs by the Department of Labor and Department of Veterans Affairs. The bill mandates a study to be conducted by both the agencies on the fields of employment for which the greatest need for employees exist in various geographic areas.

The Department of Labor's Bureau of Labor Statistics develops a 10-year national level industry and employment projections and they prepare and they publish career information on those projections already. Projections are done on a biannual basis. The last projections were done in 2007 for the period 2006 through 2016.

The national projections data that they produce are provided to the State workforce agencies and the States also collect labor market information themselves. They share it with the Department of Veterans Affairs, and in particular, the Department of Veterans Affairs Vocational Rehabilitation and Employment folks, to assure that disabled veterans are not placed in education and training programs for jobs that are unavailable in the local economy.

We do not believe that the joint study that would be required by the bill would produce more or better data than the information that we already have. However, listening to the testimony by Congressman Stearns, it appears to me that what we have here is an accessibility and a presentation issue. And we would be very pleased to work with the Committee on how to work this out so we make this stuff absolutely available.

H.R. 3393 is the improvement to "Veterans Employments Rights Act." The bill would make a number of very, very significant changes to the enforcement and the remedies for USERRA, give the courts discretion to award \$20,000 in liquidated damages, and authorize the court to award punitive damages that are essentially unlimited.

States would also be required in USERRA cases to waive their sovereign immunity under the 11th amendment to the Constitution.

We are concerned that we have not had a sufficient amount of time to study the impact that the changes to this law would have.

And these are far-reaching changes. We believe that as a further issue, we need to discuss these changes with our enforcement partners.

It is also not clear the impact that these changes would have on the hiring of veterans. I would be pleased to go into a little bit more detail during the question and answer period if you would like.

H.R. 3798 is the reemployment rights following certain National Guard duty. Congressman Hayes presented this bill. We would support this proposal. We just need to understand from the Department of Defense under what circumstances the exemptions would take place because the bill does not make that entirely clear.

But having said that, there are certain types of duty, airport security duty and patrol duty that absolutely make sense to be counted as exempted from the 5-year limit. So I think the thing here, and I think DoD would agree, is that the exclusions from the 5-year limit have to be well-defined in order to preserve the intent of USERRA which is to protect noncareer military service.

H.R. 3467 is the "Second Chance for America's Veterans Act" and the bill would authorize VA to establish a workforce reentry program between 2008 and 2011 at something like \$15 million. It would provide a prisoner reentry program for veterans in 24 locations. Congressman Yarmuth presented that bill today.

The Administration supports the intent of the bill. However, we think that most of the services, which are very similar to the recently concluded Incarcerated Veteran Transition Program, which is a very successful program, most of these services could be provided through the "Second Chance Act" that the President signed earlier last week.

In fact, what we have done is we have been working closely with the Department of Labor unit that is actually responsible for the prisoner reentry initiative to incorporate veteran-specific issues that we had in the Incarcerated Veteran Transition Program into the next round of the prisoner reentry initiative grants. And that round will be awarded effective 1 July.

There are some differences in what we did in the IVTP, the Incarcerated Veteran Transition demonstration, and the prisoner reentry initiative, but we think we can probably work those out.

Madam Chair, that concludes my testimony. I have 1 second left, so I would be happy to answer any questions when that time comes.

[The prepared statement of Hon. Ciccolella appears on p. 82.]

Ms. HERSETH SANDLIN. Thank you very much.

Mr. Bush, you are now recognized for 5 minutes.

STATEMENT OF THOMAS L. BUSH

Mr. BUSH. Madam Chairwoman, thank you for the opportunity to share the views of the Department on bills that are being considered by this Committee.

The success the Department is experiencing in recruiting and retaining Guard and Reserve members over the last 6½ years is due in large part to the support of Congress. You have recognized the expanded role that Reserve components are playing in national defense and have been very generous with the pay and additional

benefits that are now available to members of the National Guard and Reserve and their families.

Some of the bills being considered by the Subcommittee today would continue that support for National Guard and Reserve members and I will focus my remarks on those bills that directly affect the Guard and Reserve.

H.R. 4889, the "Guard and Reserves Are Fighting Too Act of 2008," as currently drafted would reinstate the retention aspects of the Reserve Education Assistance Program, yet would recodify the program into title 38.

As I have previously testified, the Department does not support placing what would again become a military force management program under the administration of the Department of Veterans Affairs. Therefore, the Department does not support H.R. 4889.

Two bills would amend the "Servicemembers Civil Relief Act," H.R. 3289 and H.R. 4883. Although the Department is preparing a formal views letter for the Committee on those bills, I can report that the Department generally supports both bills.

In fact, H.R. 4883, which would extend the post-service limitation on the sale, foreclosure, and seizure of property from 90 days to 1 year, is a recommendation included in the final report from the Commission on the National Guard and Reserves and appears to have broad support within the Department.

Regarding H.R. 3298, the "21st Century Servicemembers Protection Act," the Department's views letter is likely to offer several recommendations regarding the right of servicemembers to bring action in their own name and to strengthen the protections proposed in the bill.

Two bills would amend the "Uniform Services Employment and Reemployment Rights Act." Although USERRA is under the purview of the Department of Labor, DoD offers the following comments.

H.R. 3798 would provide a limited exclusion of the 5-year USERRA limit for National Guard members who perform certain federally-funded State duty. While we think it may be appropriate to provide such an exclusion, we need to work with our partners at the Department of Labor and this Committee to ensure any exclusion is well-defined and consistent with the purposes of other duty that is excluded from the 5-year USERRA limit.

H.R. 3393, the "Reservist Access to Justice Act of 2007," would allow courts to award punitive damages in cases of an employer who willfully fails to comply with USERRA. While this may be appropriate in some isolated cases, we are concerned with the chilling effect this may have on all employers.

As I previously stated, Congress, and particularly this Committee, has been very supportive of the Guard and Reserve. I would like to thank you for your unwavering support of the 1.3 million members of the National Guard and Reserve.

This concludes my remarks, and I look forward to answering your questions.

[The prepared statement of Mr. Bush and Mr. Gilroy appears on p. 83.]

Ms. HERSETH SANDLIN. Thank you, Mr. Bush.

Mr. Gilroy, you are recognized.

STATEMENT OF CURTIS L. GILROY, PH.D.

Mr. GILROY. Thank you, ma'am.

Madam Chairwoman, Members of the Subcommittee, and staff, I want to thank you for the opportunity to appear before you again to discuss how we might best enhance the educational benefits of our servicemembers and our veterans.

As before, I will limit my remarks to the effects of any proposed legislative initiatives to the active-duty force. Specifically, I will limit my remarks to H.R. 5684 that you, Madam Chair, and Ranking Member Boozman have sponsored.

There are some very attractive features to this bill and there is much that the Department of Defense sees of value in it.

I personally congratulate both of you and your staffs for carefully crafting a very unique piece of legislation. I have six points to make regarding that legislation.

First, your bill increases the basic benefit from about \$1,100 a month to \$1,450 a month, which is the average cost of a public 4-year institution, and also the value of the so-called "tipping point" about which we spoke in previous hearings. This is the point at which the benefit may begin to have a negative effect on retention. The Department supports this increase in the basic benefit.

Your bill also adds a \$500 a month stipend for living expenses for full-time students and something less for part-time students. Although this is somewhat more generous than we would like, we do support some level of increase, and perhaps we can work with the Committee on what that number might be.

Third, your bill permits members to use their GI Bill benefits to pay off their student loans. We like that.

And veterans who apply for other financial aid would not be required to report the value or the moneys received from the Montgomery GI Bill benefits as income. We also like that.

Fourth, your bill does not eliminate the \$1,200 member contribution, but there really is not any need since it is not a deterrent to enrollment, as we have seen. Today, 97 percent of new recruits sign up for participation in the Montgomery GI Bill under the current situation. But what your bill does is allow them to pay it over a 2-year period. We could also support you on this.

Sixth, your bill gives veterans more time to use their benefits. That is point number five. Fifteen years instead of 10 years. We support you on that.

Although less generous than the Senate Bill S. 22 and its House cousin, H.R. 5740, your bill addresses nearly all of the significant issues as we see them. It is much simpler and straightforward to implement since it is an amendment to the current Montgomery GI Bill in title 38. Compared to S. 22, it is far less costly and does not add to the bureaucracy, and it does not create an unnecessary strain on retention.

Now, one feature of educational benefits that is not included in your bill that is a priority for this Administration is transferability of benefits for all servicemembers, to spouses, and children. Transferability, we feel, is important to a volunteer force where families also serve.

As you know, half of our force is, in fact, married. The adage that we enlist soldiers, sailors, airmen, Marines, and Coast Guardsmen and, yet, we retain families is really true.

In summary, H.R. 5684 has been thoughtfully prepared and we look forward to working with you on this piece of legislation.

Thank you again for the opportunity to appear before you and for promulgating and continuing to protect educational benefits for our servicemembers and our veterans. And I would be prepared and happy to answer questions at the appropriate time. Thank you again.

Ms. HERSETH SANDLIN. Thank you, Mr. Gilroy.

Mr. Pedigo, you are now recognized for 5 minutes.

STATEMENT OF KEITH PEDIGO

Mr. PEDIGO. Thank you, Madam Chairwoman. I am pleased to be here today to discuss a number of bills that would affect several benefit programs administered by the Department of Veterans Affairs.

With me today is Mr. John Brizzi, Staff Attorney from our Office of General Counsel.

Madam Chairwoman, H.R. 5684, the "Veterans Education Improvement Act of 2008," contains numerous amendments to title 38 of the U.S. Code that are intended to improve the basic educational assistance programs offered by VA. We estimate that enactment of this bill would result in direct cost to VA of \$22.3 billion over 10 years. VA cannot support this legislation without identified offsets for these costs.

H.R. 4889, the "Guard and Reserves Are Fighting Too Act of 2008," proposed to recodify the statutory provisions of Chapter 1607 of title 10 of the U.S.C. to a new Chapter 33 of title 38 of U.S.C. VA does not support this bill as it would inappropriately place the Reserve Force Management Program under VA rather than the Department of Defense where it currently resides.

Finally, we cannot support this proposal without identified offsets as it would result in a \$1.2 billion additional net direct benefit cost to VA over the next 10 years.

H.R. 3467, the "Second Chance for America's Veterans Act," would establish a grant program for referral and counseling services to assist at-risk veterans transitioning from institutional living into the workplace. While VA strongly supports efforts to assist these at-risk veterans, we note that most of the services proposed under this legislation could be provided through the "Second Chance Act" which the President signed into law last week.

Madam Chairwoman, H.R. 3646 would direct the Secretaries of Veterans Affairs and Labor to conduct a joint study with annual updates on fields of employment for which the greatest need for employees exists in various geographic regions. The Department of Labor, in many States, currently conduct these types of studies. Consequently, we defer to the Department of Labor on this issue and cannot support this bill.

H.R. 3889 would amend Chapter 31 of title 38 by adding a new section 3122 to require VA to conduct a 20-year longitudinal study of a statistically valid sample of the veterans who begin participating in a program of vocational rehabilitation during fiscal year

2008. Because VA is currently developing a proposal to conduct its own long-term study of issues affecting program outcomes, we do not support this bill as it would duplicate those efforts.

H.R. 4539, the "Department of Veterans Affairs Loan Guaranty Cost Reduction Act of 2007," would amend title 38 of the U.S. Code to make several key changes to the home loan benefit. While we do not object to certain provisions of the bill, we would not support its enactment in its present form. VA estimates that this bill would result in cost savings of \$1.8 billion over 10 years.

H.R. 4884, the "Helping Our Veterans Keep Their Homes Act of 2008," contains a number of provisions similar to those of H.R. 4539. While we do not object to certain provisions of this bill, we would not support its enactment in its present form. The VA estimates that this bill would result in a cost savings of \$8.1 million in fiscal year 2008, but would cost \$1.93 billion over 10 years.

H.R. 5664 would amend title 38, section 2103 to require the Secretary to update VA's plans and specifications for suitable adapted housing at least once every 6 years. VA does not support enactment of this bill as section 2103 currently authorizes the Secretary to furnish model plans and specifications for suitable housing units for eligible veterans.

VA does this by providing our Handbook for Design for Specially Adapted Housing to all veterans who are eligible for the specially adapted housing assistance. We do not believe legislation is required to ensure that this handbook is updated and, therefore, do not support this bill.

Finally, H.R. 3681, the "Veterans Benefits Awareness Act of 2007," would add a new section 532 to title 38 to authorize the Secretary of VA to purchase advertising in national media outlets for the purposes of promoting awareness of benefits under laws administered by VA. We do not believe enactment of this bill is needed as current law provides sufficient authority for the Secretary to purchase such advertising as appropriate. Therefore, we do not support enactment of the bill.

Madam Chairwoman, this concludes my testimony. I would be pleased to respond to any questions that you may have.

[The prepared statement of Mr. Pedigo appears on p. 86.]

Ms. HERSETH SANDLIN. Thank you.

Well, let me start with just an observation, Mr. Ciccolella. I think that in light of Mr. Stearns' testimony and what we heard from Mr. Daley with the PVA, you are saying is if indeed you can demonstrate to Mr. Stearns and to the Subcommittee that you have these statistics, this issue of availability and accessibility, then perhaps his bill can be modified to achieve that objective.

We plan on working with Mr. Stearns and if you could assist us in that to address his first question, which I anticipate was show me the statistics, that they do exist, then it becomes the issue of making sure they are available to veterans that can calculate within their area of commuting what is available.

Mr. CICCOLELLA. Absolutely. And if there is something that is missing, we will try to identify that and factor that in as well.

Ms. HERSETH SANDLIN. Thank you.

Mr. Bush, thank you for your testimony. I know in previous Subcommittee hearings, we have engaged in a bit of a back and forth

on this jurisdictional issue. I know that on a hearing that we had on January 17th, you stated that if the 10-year post-service REAP benefit were included in the "National Defense Authorization Act," that Chapter 1607 would, "Look exactly like the Chapter 30 benefit. It no longer serves the DoD recruiting and retention purpose."

If that is the case, why would you continue to oppose? Why does the Administration continue to oppose moving Chapter 1607 from DoD to VA authority?

Mr. BUSH. The way this bill is crafted, it takes the pre-2008 "National Defense Authorization Act" provisions and transfers them. So what the bill would do is repeal the 10-year post-service authorization. It repeals some of the other improvements that were made in the 2008 authorization.

Ms. HERSETH SANDLIN. So it is not on moving the jurisdiction? It is the way it is currently written that if we can make modifications so it does not affect what was signed into law in the "National Defense Authorization Act"?

Mr. BUSH. If the bill was modified to reflect the current provisions of 1607, our only concern would be transferring the funds that we have in the DoD education trust fund to VA because we look at that as those funds will help us offset the attrition that we anticipate will occur when people now will use the benefit when they leave as opposed to stay with us.

Ms. HERSETH SANDLIN. Okay. I appreciate that clarification. Maybe that is something we can work toward as we make incremental progress on this issue, at least progress from some of our perspectives.

Mr. BUSH. I think that would be helpful.

Ms. HERSETH SANDLIN. Okay. Great.

In your statement, you talk about H.R. 3393 and your concern about the negative message that may send to the Nation's employers. As we heard Mr. Davis, who introduced the bill, explain, the issue of punitive damages is current law as it relates to the most egregious instances.

If we simply made some changes for National Guard men and women and Reservists, if there is a violation of their employment or reemployment rights similar to what is in current law for others who may be discriminated against, do you think that will have an impact on hiring Guard and Reservists?

Mr. BUSH. USERRA is a not very friendly employer law. This would make it less employer friendly. There are cases when employers may find a reason not to hire, not advance a Guard and Reserve member.

And it is hard, and I think Secretary Ciccolella can probably talk to that in greater detail, but what we would rather do is try to reach out and work with employers to encourage them to, you know, reemploy their Guard and Reserve members, employ Guard and Reserve members. If there is a problem, we try to resolve those through our National Committee for Employer Support and Guard and Reserve. You know, it is the carrot approach as opposed to the stick approach.

There may be times when it is appropriate to have punitive damages and this bill may be appropriate. But we are concerned with

the effect it would have on employers as they consider hiring Guard and Reserve members. And that is our concern.

Ms. HERSETH SANDLIN. My time is running low here. Most of the Members stayed over there to vote, so they are not going to give me as much time in holding it open. I am going to have to leave in just a couple minutes and we will talk about how we want to handle that in just a moment.

But I wanted to get to you, Mr. Gilroy, on the issue of transferability. Two questions. Was this just proposed this year as reflected in the President's State of the Union Address and do you have any estimated costs of transferability of the benefit?

Mr. GILROY. Well, with regard to your first question, the services, particularly the Army, have been asking for transferability of benefits for some time now, and it has been near the top of their list of items which they believe soldiers in the field really want.

The President announced in his State of the Union Address, this past January, that it was very important to him as well.

We also know that it is an important issue for the Chairman. Again, we hear it from the field as the senior leaders talk to troops. That is the primary reason why it was included in the President's State of the Union message. Transferability is becoming more and more of an issue of concern to servicemembers.

Ms. HERSETH SANDLIN. I do not doubt that because I have talked to a number of servicemembers back home. You may have heard me say this previously. A friend of mine I graduated high school with, if he could transfer some of those benefits to his three daughters or even to his wife for her, to get her graduate degree, he would more than readily do that.

I am interested in pursuing this, although I know that there are some VSOs that are concerned about moving this now over some of the other priorities we have been working on. If we could maintain an open dialog as it relates to estimated costs, and as it relates to transferring the whole benefit. Some people do not like incrementalism, but I prefer action over inaction and some results over none. I would just encourage you to maintain a dialog as you work with Secretary Gates and others in each of the branches.

I have some follow-up questions I want to pose in writing to both you and Mr. Pedigo. I know Mr. Brinck has some questions. We are going to submit those in writing because you have been waiting a long time. I would come back if you had the time to stay, but I have been probably testing your patience with how long this has taken with the interruption of votes.

Thank you for your testimony, your insights on these many bills that we are considering, and one of the things that I wanted to ask and wish I had the time to was on the issue on the Guard and Reserve equity. I appreciate the DoD being supportive of the bill Mr. Boozman and I have introduced, but if that were to move and actually get signed into law, we have actually exacerbated the gap as Mr. Buyer pointed out.

I would like to get your thoughts given where the percentage is currently and where it might end up if we do not make some other changes to Guard and Reserve benefits. We will be pursuing that with you as well.

Thank you for your service to our Nation's servicemembers, to our Nation's veterans, for working so closely with us and with our staff here on the Committee. We will look forward to seeing you again. Thank you.

The hearing now stands adjourned.

[Whereupon, at 5:00 p.m., the Subcommittee was adjourned.]

A P P E N D I X

Prepared Statement of Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Economic Opportunity

Today we have thirteen bills before us that seek to: protect our nation's veterans from possible foreclosure and financial burdens incurred while serving one's country; update VA housing construction guidelines; expand education programs while meeting the current retention needs of the Armed Forces; strengthen employment and reemployment rights for returning service members and veterans; and minimize recidivism among incarcerated veterans.

According to a Congressional Research Service Report updated January 25, 2008 "the original GI Bill provided up to \$500 annually for education expenses. This is the equivalent of an estimated \$5,890 in 2007 dollars. An additional \$50 was provided monthly for living expenses in 1944, which is equivalent to \$589 monthly, or \$5,301 annually in 2007 dollars. Thus, the total education benefit, including the living allowance, in 1944 would have been worth \$11,191 annually, or \$1,243 monthly in 2007 dollars."

Keeping this historic perspective in mind, I along with Ranking Member Boozman have introduced *H.R. 5684, the Veterans Education Improvement Act* which seeks to address the educational needs of our brave men and women in uniform. This bipartisan bill is the product of numerous hearings held by our Subcommittee since the beginning of the 110th Congress, which allowed for close evaluation of the Montgomery GI Bill and input from veteran service organizations, education leaders, government agencies, and other policy experts.

H.R. 5684 would help address current MGIB shortfalls, along with other important improvements, including:

- Substantially increases the amount of basic education assistance for veterans equal to the average cost of the tuition at a 4-year public college or university;
- Provides veterans with a monthly cost of living stipend; and
- Extends the time limitation for use of education benefits from 10 years to 15 years, more fully accommodating the transition from military to civilian life.

I would like to add that *H.R. 5684* includes unique provisions that:

- Allows the overall assistance to be used for business courses, preparatory courses for exams, and to repay federal student loans;
- Dramatically expands the opportunity for service members to enroll for the benefits, even if they are beyond the initial opportunity for automatic enrollment;
- Provides increased funding for State Approving Agencies, an important partner in administering the benefits with the VA;
- Rewards veterans for their service by eliminating their educational entitlements from being considered as income when applying for federal financial aid;
- Increases On the Job Training and dependent education benefit to 85 percent;
- Supplements reporting fees given to colleges and universities;
- Creates a 5-year pilot program to expand work-study programs for veterans;
- Increase the VA's full time employees by 150 to help administer the new requirements;
- Provides funding for updating existing IT systems; and
- Rearranges the "advance pay" process to prevent any break in benefits.

H.R. 5684 provides specific improvements and adjustments meant to make it easier, not harder for veterans to access the education benefits they've earned following their service and contributes to the overall national economy. In addition, this bill will make changes with minimal disruption of the current VA IT system and to the beneficiaries.

The *Veterans Education Improvement Act* is a well crafted bill that provides the VA the resources to administer the new changes to update and improve the Montgomery GI Bill to better reflect today's world, and ensure that today's veterans have

the resources they need to continue or begin their education when they return from service. I appreciate the support of many of today's witnesses for this bill that addresses necessary changes to veterans' education benefits.

I look forward to working with Ranking Member Boozman and other Members of the Committee to continue to improve education entitlements for veterans. Those serving in our Armed Forces deserve to be protected as best we know how—not just with weaponry, armor and other equipment, but also healthcare, education, and support for the families who await their return.

**Prepared Statement of Hon. John Boozman, Ranking Republican Member,
Subcommittee on Economic Opportunity**

Good afternoon. We have a lot of business to transact this afternoon so in the interest of time, I will forego my usual clever and highly insightful analysis so that we may hear from our witnesses. I would say that we have an interesting mix of bills before us and I am eager to hear the various points of view.

I yield back.

Honorable John Boozman Remarks on H.R. 3681 and H.R. 3889

Thank you Madam Chairwoman. My first bill on the agenda is H.R. 3681, the Veterans Benefits Awareness Act of 2007. Over the years, Congress has given VA millions of dollars to increase outreach to raise awareness of veterans benefits. I suspect anyone who watches or listens to sports or other types of entertainment in the national media has seen or heard ads for each of the military services. But when was the last time any of us saw a TV advertisement in prime time or a continuing radio campaign designed to achieve those goals?

VA produces significant amounts of brochures and posters. And VA staffs meet with lots of service organization posts and other small venues. These are nice from a personal contact standpoint, but relatively inefficient in getting the word out on veterans benefits.

That is the purpose of H.R. 3681, to authorize VA to use modern electronic media to promote the programs earned by service to the nation. Staff tells me there has been a body of opinion at VA that the Department was prohibited from spending on this type of outreach. My bill will put an end to that type of out-of-date thinking.

My second bill, H.R. 3889 is designed to develop a database of outcomes experienced by those who participate in the VA's Vocational Rehabilitation and Employment program. Unfortunately, there is relatively little data on how the program improves the lives of our more seriously injured veterans. Conducting a 20 year longitudinal study that requires annual reports to Congress will make future management decisions easier for VA and legislative decisions more accurate for Congress. As a matter of fact, each of VBA's business lines should be conducting longitudinal studies, but that is a matter for another time.

Finally, as an original cosponsor of your GI Bill, H.R. 5684, I believe that unlike some of the other nearly 40 veterans education bills that have been introduced, H.R. 5684 is an approach that is manageable and affordable. Veterans will get between \$17,000 and \$18,000 per school year not counting other federal aid and VA will not be required to retool its system to pay the benefits. I am very pleased we will be taking action on improving education benefits for our veterans and I look forward to passing the bill next week.

I hope my colleagues will support H.R. 3681 and 3889 at our markup next week and thank you for including these bills in today's agenda. I yield back.

**Prepared Statement of Hon. Bob Filner, Chairman,
Committee on Veterans' Affairs,
and a Representative in Congress from the State of California**

Thank you for the opportunity to speak before the Subcommittee on three important pieces of legislation to address the needs of veterans.

Like most Americans, our nation's heroes see homeownership as an integral part of the American dream. Unfortunately, for many service members and veterans, that part of the American dream can become a nightmare when coupled with frequent deployments, the high cost of purchasing a home and rising interest rates.

Currently, the Department of Veterans Affairs offers veterans VA-guaranteed loans through common lending institutions, including banks, savings and loan asso-

ciations and mortgage brokers. For veterans that qualify, the VA will guarantee a portion of the loan to the lender, thereby protecting the lender for the guarantee amount.

Unfortunately, the current VA loan program is not sufficient to meet the needs of our veterans because, too often, the loan amount is insufficient to purchase a home, does not offer alternatives for veterans with less than perfect credit and does not incorporate younger veterans that may lack the necessary financial track record to prove they are a good risk.

As Chairman of the Committee, I am especially concerned about the affects of the housing market and home foreclosures on our active duty service members and veterans. These courageous, young men and women should never be forced to worry about their homes, while they are serving overseas and dealing with the intense stresses of deployment.

I have introduced two bills that improve the VA home loan program. *H.R. 4883* will prohibit foreclosure of property owned by a service member for one year following a period of military service.

The second, *H.R. 4884, Helping Our Veterans to Keep Their Homes Act of 2008* will:

- increase the maximum home loan guarantee amount to \$625,500;
- decrease the equity requirement to refinance a home loan;
- require the VA Secretary to review and streamline the process of using a guaranteed home loan to purchase a condominium;
- reduce the home loan funding fees to one percent;
- extends the adjustable rate mortgage demonstration project to 2018;
- extend the hybrid adjustable rate mortgage demonstration project to 2012; and
- provide a yearly adjustment of the VA home loan to match the consumer price index.

Madam Chair, when our service members return home, it is our solemn obligation to protect and serve them with the same commitment and dedication with which they protected and served us. Both H.R. 4883 and H.R. 4884 would demonstrate just such a level of commitment and I ask for your support.

Each day members of the National Guard and Reserve serving in support of contingency operations both at home and abroad experience the inequity of educational benefits that exist between members of Active Duty and Reserve Forces.

I also urge you to support H.R. 4889, a bill to recodify Reserve Education Assistance Program entitlements from the Department of Defense to the Department of Veterans Affairs.

Currently, REAP provides up to 36 months of education benefits to certain members of the Reserve Forces, who are called or ordered to active duty service in response to a war or national emergency.

This cost neutral legislation would augment timeliness and quality of receipt of benefits while enabling better support for recruitment and readjustment outcomes, as intended by Congress. This bill is an important administrative step in establishing readjustment benefits for activated Guard and Reserve members who are subject to the same hardships, and face the same enemy fire, as active duty troops.

As you will hear later today, this legislative proposal is a top priority for most of the veteran service organization, many of which have endorsed my bill. I urge all my colleagues to join me and these veterans service organizations in supporting our nation's Reserve Forces by cosponsoring H.R. 4889.

Again, thank you for including H.R. 4883, H.R. 4884 and H.R. 4889 in today's Subcommittee hearing. I look forward to working with my colleagues to address the negative impact the recent subprime foreclosures have had on our veterans and service members and ensure our veterans are afforded the education entitlement they deserve.

**Prepared Statement of Hon. Steve Buyer, Ranking Republican Member,
Committee on Veterans' Affairs,
and a Representative in Congress from the State of Indiana**

Chairwoman Herseth Sandlin and Ranking Member Boozman, I am very pleased you have included my bill, H.R. 4539, the Department of Veterans Affairs Loan Guaranty Cost Reduction Act of 2007, for the Subcommittee's consideration.

When I introduced the bill last December with Mike Michaud, the full extent of the mortgage and financial sector crisis had not yet appeared and frankly, this bill was intended to improve the day-to-day operations of loan guaranty program. But

events since I introduced H.R. 4539 have convinced me of the need to make the kinds of changes included in my bill.

I would note that subsequent to introduction of H.R. 4539 by Mike Michaud and I, Chairman Filner introduced a similar bill, H.R. 4884, and I take that similarity as confirmation of the need to improve the loan guaranty program. I believe that between us, veterans will find it easier to achieve the American dream.

I also ask unanimous consent to include a copy of a January 28, 2008 letter to Speaker Pelosi and Leader Boehner cosigned by Mike Michaud and me regarding the need to include the VA loan guaranty program the recent stimulus package in the hearing record. I was very disappointed it was not addressed when the stimulus package increased the loan limits for FHA mortgage loans to move people from risky subprime loans to federally guaranteed loans. I did appropriately bring this matter to you and thank you for your attention.

In addition to the details of the bill, I note that VA's loan Guaranty program is not experiencing the same financial difficulties as the broader market because VA maintained its standards while others did not. I must also emphasize that H.R. 4539 has no effect on VA's underwriting standards.

Madame Chairwoman, H.R. 4539 would do the following:

- Increase the maximum loan amount guaranteed by VA to 125 percent of the Freddie MAC conforming limit. This will enable service members and veterans living in high cost areas to purchase homes using the VA loan guaranty.
- Extend some of the fees through 2017. These fees provide the funds VA needs to pay for the guaranty on homes that go to foreclosure. These fees have also provided PAYGO offsets for improvements to other VA benefits.
- Increase the guaranty amount for certain refinanced loans making VA refinancing more attractive and competitive in the marketplace.
- My bill reduces the equity requirement for a VA-guaranteed refinancing loan to zero. This is especially important for those service members and veterans whose home equity has decrease solely because of the current market forces despite the fact that they are not behind on their mortgage payments.
- To make loans more affordable in the high cost areas, my bill would limit the total loan guaranty fees to the maximum dollar amounts in effect on the day of enactment.
- To encourage an increase in the supply of affordable housing, H.R. 4539 would increase the guaranty amount to 30 percent of the mortgage.
- And finally, my bill would require the Secretary to provide a small measure of assistance in offsetting closing costs associated with the purchase of a home. The Secretary would determine the amount—if any—based on the income from guaranty fees in the previous year.

Madame Chairwoman, as you know, I support your GI Bill, H.R. 5684. I mention this because it is a good bill and you have worked with our side in a bipartisan manner to make a few changes we felt important. Additionally, we all know the train is moving quickly on this issue so major restructuring of all VA education programs is not feasible at this time. In the spirit of full disclosure, I am in the process of drafting an extensive reorganization of chapters 30, 32, 34, 35 and 36 into one or two chapters to standardize the administrative rules and education and training options to those receiving education benefits. I hope we can work together on this approach to bring some order to these programs in the not too distant future.

Chairwoman Herseth Sandlin, I thank you again for the bipartisan manner in which you have included H.R. 4539 and several other bills from our side of the aisle in today's hearing. I look forward to working with you and all the Members of the full committee to improve the VA loan Guaranty program.

**Prepared Statement of Hon. Ciro D. Rodriguez,
a Representative in Congress from the State of Texas**

Chairwoman Herseth Sandlin, members of the subcommittee, thank you for the opportunity to speak regarding H.R. 5664, a bill that I introduced to correct a bureaucratic oversight in the way that the Veterans Administration advises contractors constructing or renovating housing for disabled veterans. I was extremely moved by last June's hearing before this subcommittee concerning Specially Adaptive Housing.

There is little doubt that funding level available to individual disabled veterans to have their homes adjusted to meet their needs is too low. My bill does not address that particular issue, rather it seeks to ensure that veterans whose homes are up-

dated under this program benefit from all that modern technology and construction practice can provide.

As Mr. Gonsalves, President and Founder of Homes for Our Troops, pointed out in the hearing, “service men and women with injuries that would have killed them in previous wars are now living to see another day, and are in need of truly ‘special’ home adaptations.” The primary guidance that the VA provides contractors who draw up plans and specifications to modify homes under this grant program is VA Pamphlet 26-13, titled *Handbook for Design: Specially Adaptive Housing*. As Mr. Carl Blake, National Legislative Director of the Paralyzed Veterans of America pointed out: much, if not all, of the guidance found in the pamphlet is still applicable today. However, I feel that it focuses too much on veterans who find themselves in wheelchairs with lower extremity paralysis or amputation. While certainly still valid, we find increasing numbers of veterans returning home from current conflicts with alternative injuries such as upper-limb amputation or blindness. The guide was last updated in 1978. By comparison, the current Army Corps of Engineers housing design guide is dated 1994 and that of the Air Force, 2004.

The time has come to ensure that the guide contains up-to-date direction to architect and engineer firms and contractors who will do the noble work of ensuring our disabled veterans have homes that respect the dignity by which they sacrificed. I propose in my bill that the Secretary of Veterans Affairs update the guide on at least a six-year basis. I also wish to express my intent that the field agents who approve the construction plans under this program view the pamphlet as a guide rather than a definitive set of requirements.

After consulting with several VSOs in preparing for this testimony, I need to clarify the wording of my bill. Rather than requiring the VA to update plans and specifications on a six-year basis, it is better stated that the pamphlet itself is updated on a six-year basis. Contractors actually derive the plans and specifications based on each veteran’s home and the pamphlet. I would hope that if the committee considers my bill in any future mark-up that such language is made clear. Thank you for allowing me the opportunity to speak today and for considering my bill, H.R. 5664.

**Prepared Statement of Hon. Cliff Stearns,
a Representative in Congress from the State of Florida**

Executive Summary

For many service members, the transition from active duty to veteran status, and returning to a full meaningful civilian life is daunting, fraught with many challenging obstacles and bureaucratic barriers. Many times, these brave service men and women require job training for entirely new careers.

My legislation, H.R. 3646, the Veterans’ Effective Training Job Opportunities and Benefits Act of 2007, or the VET JOBS Act, would provide better information to veterans on their local job market needs. The VET JOBS Act directs the Secretary of Veterans Affairs and the Secretary of Labor to conduct a joint study on the greatest employment needs in various job markets around the country and post the results on the VA website. These results would then be updated annually to reflect the current and possibly changing needs in the local job market.

The VET JOBS Act has broad bipartisan support and has been endorsed by many veterans’ organizations, such as the American Legion, AMVETS, Veterans of Foreign Wars, Blinded Veterans of America and the Paralyzed Veterans of America. In addition, my bill has 44 co-sponsors from both sides of the aisle.

Thank you, Madam Chair, for allowing me the opportunity to testify on behalf of my bill, H.R. 3646, the Veterans’ Effective Training Job Opportunities and Benefits Act of 2007, or the VET JOBS Act. This bill is an important step in helping our veterans find gainful employment when retiring from service.

When warriors return home from combat, they often face another uphill battle. For many service members, the transition from active duty to veteran status, and returning to a full meaningful civilian life is daunting, fraught with many challenging obstacles and bureaucratic barriers. Many times, these brave service men and women require job training for entirely new careers.

Although statistics show that eventually veterans in general enjoy a favorable employment rate in the nation’s job market, many veterans initially find it difficult to compete successfully in the labor market. That’s why for over a decade, the federal

government has provided job-training benefits to veterans through the Department of Veterans Affairs and the Department of Labor. The mission statement for the Department of Labor's Veterans' Employment and Training Service (VETS) program is to "provide veterans and transitioning service members with the resources and services to succeed in the 21st century workforce by maximizing their employment opportunities, protecting their employment rights and meeting labor-market demands with qualified veterans today."

Additionally, the Department of Labor offers service members leaving the military with a service-connected disability, the Disabled Transition Assistance Program (DTAP). DTAP includes a three-day workshop plus additional hours of individual instruction to help determine job readiness and address the special needs of disabled veterans. However, this is the identical DTAP program offered to all transitioning disabled veterans across the nation.

This three-day program is valuable support, but it only provides general employment information and at no time addresses the specific needs of the community in which the veteran lives. Unfortunately, this means that frequently there is a void of information on local labor market conditions that results in veterans using their benefit to train for jobs that don't exist in their communities.

Mr. Jeffrey Askew is Director of the Marion County Veterans' Service Center in my hometown of Ocala, Florida. He said many veterans have used their federal job training benefits for Information Technology (IT) career training. However, Ocala has little demand for IT professionals, and veterans often are advised to move to Orlando where there are more opportunities. Upon finally getting settled back into civilian life, it is frustrating and unfortunate—to say the least—to be forced to uproot one more time and move your family to an unknown city. I am concerned about this problem, but I believe there is an easy solution.

Currently, there is a maze of websites with confusing and sometimes out of date information on employment conditions. My legislation would provide better information to veterans on their local job market needs. The VET JOBS Act directs the Secretary of Veterans Affairs and the Secretary of Labor to conduct a joint study on the greatest employment needs in various job markets around the country and post the results on the VA website. These results would then be updated annually to reflect the current and possibly changing needs in the local job market. With this tool, veterans could plug in their zip code and see a list of the occupations that are most in demand within their commuting area, and subsequently use their federal job training most effectively. The Department of Labor already has the infrastructure in place for this kind of research, so this is a practical, low cost solution. In fact, the Congressional Budget Office has unofficially scored this proposal as having "insignificant" costs. Insignificant costs for immeasurable benefit to our veterans.

Furthermore, the VET JOBS Act has broad bipartisan support and has been endorsed by many veterans' organizations, such as the American Legion, AMVETS, Veterans of Foreign Wars, Blinded Veterans of America and the Paralyzed Veterans of America. In addition, my bill has 44 cosponsors from both sides of the aisle.

Thank you again for allowing me the opportunity to testify on the VET JOBS Act. I look forward to working with my colleagues to help our veterans obtain quality employment.

**Prepared Statement of Hon. John A. Yarmuth,
a Representative in Congress from the State of Kentucky**

Madam Chairwoman, I thank you for inviting me here today to discuss the Second Chance for America's Veterans Act. As a small pilot program, the Incarcerated Veterans Transitional Program or IVTP has reduced recidivism by 90 percent among participants and saved the taxpayers 1.6 million dollars in each of the six locations where it has been implemented over the last three years. We're here today because by expanding this tremendous level of success to a national scale, we could provide hope for thousands men and women who return to civilian life after years of serving their country.

In my hometown of Louisville, Kentucky, Richard Waddell returned home 10 percent disabled and suffering from post traumatic stress disorder, honorably discharged after nine years service in the National Guard, Army, and Marines. He had no job, no support, and a family to feed. Out of desperation, he turned to robbery, and was apprehended by law enforcement while buying groceries for his family.

Unfortunately, to this point, Richard's story is far from unusual among America's veterans. Where his story departs is when he was released from jail for the second time, he met an IVTP representative. The IVTP worker first helped him with the

essentials—clothes, food, and transportation—and from there, the dignity and respect that Richard had earned serving our nation returned. Thanks to the help of IVTP, Richard was able to activate his VA benefits and register for disability, and he now has an apartment and holds a good job. Next week he will begin college, and a future that once seemed bleak at best is now bright and full of promise.

IVTP has similarly aided 328 veterans in Kentucky, by partnering veterans transitioning out of prison, who are at risk of homelessness upon their release, with a professional mentoring staff composed of veterans to help them get back on their feet. Of those 328, just 22 returned to criminal activity after engaging the program, a recidivism rate of seven percent. That number is impressive by any standard, but for a veteran population that sees over half of its ranks return to prison, the success of this program is extraordinary. Abandoning this success, and the men and women who served our country, would not only be counterproductive, but also send the message that our veterans only matter when our country needs them and not when they need our country.

The Second Chance for America's Veterans Act, would expand the highly successful IVTP pilot to a competitive grant program in twenty-four locations across the U.S. Providers would assist veterans who are exiting the corrections system by connecting them with transitional housing, employment services, mental health and/or substance abuse services, and other community support.

After all that our veterans have given for this country, providing them with such vital, effective, and proven services should be an obligation not an option. But this isn't only about giving, this is also a matter of working for our national interest. In Kentucky, we have the most rapidly growing prison population in the nation, a truth that has had a devastating effect on the fiscal reality of the Commonwealth.

To keep a convict in prison for a year, Kentucky spends over 18,000 dollars. By comparison, Volunteers of America, which currently administers the program, spends between 700 and 1,200 dollars to give a veteran the tools to stay out of prison and contribute to society for a lifetime.

At a time when we search to find new approaches to stimulate the economy and get a handle on America's ever-growing deficit, the Second Chance for America's Veterans Act offers us the opportunity to support a program with a proven track record of providing immediate and substantial return on our investment, while also paying a debt to those in uniform who sacrificed to serve our country. This is a unique win-win in government.

Still, the Department of Labor has chosen not to continue this highly successful program, and without action by Congress, thousands of worthy veterans in need would be abandoned by the nation they served; left to bounce around our overcrowded prison system.

I thank the committee for looking into this legislation and strongly urge you to support passage of H.R. 3467, the Second Chance for America's Veterans Act.

**Prepared Statement of Hon. Robin Hayes,
a Representative in Congress from the State of North Carolina**

EXECUTIVE SUMMARY

Purpose of Legislation: This bill would amend the *Uniformed Services Employment and Reemployment Rights Act 1994 (USERRA)* to authorize the Secretary of Defense to include Full Time National Guard Duty for possible exemption from the USERRA 5-year limit on service. The Secretary of Defense would be authorized to exempt National Guard service supporting critical homeland defense missions or other missions as deemed appropriate. Since USERRA already authorizes exemptions for service supporting critical active duty missions, this amendment would simply correct a disparity in the treatment of National Guard members.

Background: Currently, certain types of active duty service are exempted from the five-year reemployment limit under the *Uniformed Services Employment and Reemployment Rights Act 1994 (USERRA)*. These exemptions cover service during a time of war or national emergency, support of missions where others have been ordered to duty under an involuntary call-up authority, and for other critical missions or requirements.

After the events of September 11, 2001, voluntary active duty in support of Operation Noble Eagle (ONE) and Operation Enduring Freedom (OEF) were exempted from the USERRA 5-year limit on reemployment. However, full-time National Guard duty performed under Title 32 is not covered under those exemptions.

As part of the new operational reserve construct, National Guard personnel will be used in ever-increasing numbers to support certain operational requirements while serving in a Title 32, full-time National Guard duty status. Indeed, section 512 of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 (Public Law 108-375) added a new chapter 9 to Title 32 to authorize this type of service. Despite this fact, there is no authority under USERRA to exempt this type of National Guard service.

Examples of National Guard employment when such a USERRA exemption might be appropriate include airport security following the terrorist attacks of September 11, the recent southwest border security mission, Hurricane Katrina, and the Air Sovereignty Alert missions defending the United States from air attacks. As we continue to pursue the Global War on Terror, and the National Guard continues to be utilized at a high rate, more of these missions may identify themselves.

Conclusion: If the *National Guard Employment Protection Act of 2007* is not passed, National Guard members may be put into a position where they are forced to choose whether they support a critical mission, such as Katrina or a mission in support of the Global War on Terror or return to work with their civilian employers. This is already starting to occur. Like their counterparts supporting critical active duty missions, they should not be forced to make the choice of whether to keep their civilian jobs or support critical national security missions.

The lack of a USERRA exemption for Title 32 Federal full-time National Guard duty is a clear disparity that needs to be addressed. H.R. 3798 will close this loophole and protect our citizen soldiers. This legislation is fully supported by the National Guard Association of the United States (NGAUS) and the Enlisted Guard Association of the United States (EANGUS).

Chairwoman Herseth, Ranking Member Boozman, representatives of our Veterans' Service Organizations, thank you for the opportunity to be here to address your Subcommittee on an issue that impacts our National Guardsmen. Today, I am proud to stand before this Subcommittee in support of a critical piece of legislation: The National Guard Employment Protection Act of 2007.

As this Subcommittee is aware, the National Guard operations tempo has increased exponentially since September 11th, and the Federal duties they have been charged with have created a unique situation. Previously, National Guard doing Federal missions were called up to Title 10 active duty status, but with the Global War on Terror, it became increasingly apparent that there needed to be a mechanism to allow the National Guard to perform Federal missions in Title 32 status.

It has become clear that unified state-federal cooperative employment of the National Guard provides a uniquely powerful tool to address domestic security needs. Some examples of this type of Federal Title 32 duty are Air Sovereignty Alert (ASA) providing air defense for our Nation, airport security, operations in support of natural disasters such as Hurricane Katrina, fighting wildfires, and border security to name a critical few.

More and more often, we see operations in which the Federal government provides the funds and the State governors provide the authority and control to execute operations to secure the homeland. This means that a greater number of National Guardsmen are performing such duties, which unfortunately are not currently covered under USERRA. *Prior to September 11th, there were essentially no operational missions conducted by the National Guard under Title 32 so there was no loophole in the protection afforded National Guardsmen for their Federal service.*

To address this loophole, I introduced H.R. 3798, The National Guard Employment Protection Act of 2007, with Congresswoman Madeleine Bordallo of Guam as my Democratic original cosponsor. The bill would amend the *Uniformed Services Employment and Reemployment Rights Act 1994 (USERRA)* to authorize the Secretary of Defense to include Full Time National Guard Duty for possible exemption from the USERRA 5-year limit on service. Passage of this legislation will ensure that National Guard members are not forced to choose between keeping their civilian jobs and serving our Nation. Since USERRA already authorizes exemptions for service supporting critical active duty missions, this amendment would simply correct a disparity in the treatment of National Guard members.

It is essential that we make sure all of our nation's heroes are given adequate opportunity to support Federal missions without it affecting their civilian jobs. The National Guard has increasingly been called up since September 11th, and North Carolina has one of the highest mobilization rates at over 97 percent. Whether they are protecting our skies, helping save lives during a national disaster such as Hurricane Katrina, enhancing our border security, or doing another Federal mission,

there is no doubt that the National Guard is an essential part of the total force. America's National Guardsmen should never be put in a position where they are forced to choose whether to support a critical mission, such as a mission in support of the Global War on Terror, or return to work with their civilian employers in order to protect their jobs.

At seven years into fighting the Global War on Terror (GWOT), we are starting to see a small but increasing number of National Guardsmen bumping up against their 5 year USERRA protection for their civilian jobs. According to statistics provided by the National Guard Bureau, since September 11th, 6,984 of our citizen soldiers have been called up to perform Federal missions under Title 32. There are currently 1,719 Guardsmen performing duty under Title 32 orders. The Air National Guard has especially been impacted, particularly those airmen performing the Air Sovereignty Alert mission. They are by no means alone in their situation, as this loophole in employment protection affects the entire National Guard.

If the *National Guard Employment Protection Act of 2007* is not passed, National Guard members may be forced to choose between keeping their civilian jobs and serving our nation. Unfortunately, this is already starting to occur and the problem will likely get worse as people near the current USERRA 5-year job protection limit. The National Guard is performing critical Federal missions under Title 32 and it is essential that this loophole be closed so that we protect those whose service protects us.

This legislation is fully supported by the Enlisted Guard Association of the United States (EANGUS) and the National Guard Association of the United States (NGAUS) and I have enclosed their letters of endorsement for the record. The National Guard Bureau and Department of Defense also favor closing this loophole to protect our National Guardsmen. Our citizen soldiers fight to protect our nation and our freedom and the very least we can do is protect their rights to serve and also retain livelihood for themselves and their families.

Thank you for the serious consideration of the *National Guard Employment Protection Act*. I know all the Members of this Subcommittee share my commitment to the National Guard, and therefore strongly urge passage of this legislation.

Enlisted Association of the National Guard of the United States
Alexandria, VA.
October 11, 2007

The Honorable Ike Skelton
The Honorable Duncan Hunter
United States House of Representatives
Washington, D.C. 20515

The Enlisted Association of the National Guard of the United States (EANGUS) is the only military service association that represents the interests of every enlisted soldier and airmen in the Army and Air National Guard. With a constituency base of over 414,000 soldiers and airmen, their families, and a large retiree membership, EANGUS engages Capitol Hill on behalf of courageous Guard persons across this nation.

As you begin negotiations for conference on the National Defense Authorization Act for Fiscal Year 2008 (H.R. 1585), we write to express our strong support for fully authorizing the President's Budget request for the Joint Cargo Aircraft (JCA) and to maintain an Army-led Joint Program Office in accordance with the Memorandum of Agreement. In particular, we write to express our concerns that section 132 of the House bill and section 1029 of the Senate bill would delay fielding of this critical program.

Providing robust intra-theater lift capabilities over the "last tactical mile" of combat operations plays a critical role in supporting the modern war fighter. However, the current inventory of intra-theater transports is increasingly inadequate for this mission due to increased use in current combat operations, which not only stresses older aircraft such as the C-23 Sherpa but also rapidly ages newer rotorcraft aircraft as well. The Army C-23 in particular is an aging aircraft which is not pressurized, not certified for medical evacuation missions and incompatible with the standard cargo pallets. This important intra-theater lift mission cannot continue to be supported by a rapidly aging, overstretched and inadequate fixed wing fleet.

Once fielded, JCA will provide the rapid, reliable and flexible intra-theater lift capabilities on an asymmetric battlefield. The JCA will ease the strain on our present fleet and afford the immediate need for greater maximum loads at smaller,

unrefined landing strips. This will get critical equipment and supplies into the fight faster in support of the war fighter.

The need for improved intra-theater lift has repeatedly been studied and validated by the Department of Defense (DOD) through the Joint Requirements Oversight Council (JROC). The Army and Air Force, in coordination with the National Guard Bureau, meet the joint validated requirement through the capabilities provided by the JCA.

Additionally, the U.S. Government Accountability Office (GAO) ruled against the JCA bid protest is a testament to the program's joint acquisition management. The joint requirements call for fielding a total of 78 aircraft to the Army, Air Force, National Guard and Army Reserves. Also, on June 20, 2006, the Army and Air Force Vice Chiefs of Staff signed a Memorandum of Agreement that clearly laid out the joint requirements for the program that meet both Army and Air Force operational capabilities.

As importantly, current planning would assign the JCA to Army and Air National Guard units in 19 states and the territories of Guam and Puerto Rico. JCA will provide an added critical capability to state emergency management and homeland security missions. In addition, JCA will help National Guard units across the country replace missions lost to BRAC 2005, retain personnel with needed skills and recruit new members. This is the right mission at the right time for the National Guard, and one that is strongly supported by Governors and Adjutants General across the country.

Legislative language in the Senate and House versions of the Defense Authorization Bill, as currently written, would delay the fielding of JCA aircraft. In particular, the Senate, in section 1029, has included language that would shift responsibility of the Joint Cargo Aircraft program from the Army to the Air Force divesting the Army of any fixed-wing aircraft missions. Such a directive would undermine Army fixed-wing capabilities essential to supporting critical combat missions and protecting the homeland. The Army-led program is on schedule and has met all of its milestones. Shifting responsibility to the Air Force at this point would set the program back at least two to three years—if not more—due to differing fielding timelines between the services.

The Army, Air Force and the National Guard have worked together to provide a workable Joint solution to an important Joint capability gap. Given the critical need for improved intra-theater lift capabilities, we believe that it is critical that the JCA program continue to move forward without delay. To this end, we respectfully request your support in conference for fully authorizing the Joint Cargo Aircraft program in fiscal year 2008 as submitted to Congress in the President's Budget, and removing any legislative provisions or requirements that could impede the program's progress.

Thank you for your consideration and strong support for the men and women of our armed forces.

Working for America's Best!

MSG Michael P. Cline, USA (Ret)
Executive Director

National Guard Association of the United States
Washington, DC.
November 19, 2007

The Honorable Robin Hayes
130 Cannon House Office Building
Washington, D.C. 20515

Dear Representative Hayes:

Thank you for sponsoring H.R. 3798.

The service of our men and women of the National Guard ordered to full-time National Guard duty under Title 32 must be protected by the same reemployment rights under the Uniformed Services Employment and Reemployment Rights Act (USERRA) as are afforded our members ordered to active duty under Title 10.

Although not readily visible to the American public and media, the men and women of the National Guard ordered to serve on full-time National Guard duty under Title 32 after September 11, 2001 are playing an indispensable role in maintaining the National Guard as ready operational force in the Global War on Terror. As with the active forces, the sacrifice of these men and women involves spending extended periods away from civilian occupations. They should have the same rights

under USERRA upon completion of their duty to return with certainty to their civilian jobs as those protecting Reserve Component members serving on active duty under Title 10.

NGAUS strongly supports H.R. 3798 now before the 110th Congress which would establish a National Guard Employment Protection Act that would apply the benefits of USERRA to individuals ordered to full time National Guard duty under section 502(f) of Title 32 on or after September 11, 2001.

Our young men and women ordered to serve full-time in the National Guard under Title 32 in the Global War of Terror deserve the same re-employment rights as those protecting their active duty counterparts. Thank you again for your efforts.

Sincerely,

Stephen M. Koper
Brigadier General, USAF, (ret)
President

**Prepared Statement of Hon. Artur Davis,
a Representative in Congress from the State of Alabama**

Chairwoman Herseth Sandlin and Ranking Member Boozman, thank you for holding today's hearing to examine proposals to protect the jobs, housing and educational opportunities of our brave men and women of the U.S. Guard and Reserves. I appreciate the opportunity to testify on the Reservist Access to Justice Act (RAJA), H.R. 3393, that I cosponsored with Reps. Altmire and Walz.

All of us recognize that our military service men and women are offering the highest personal service to their country as the war continues. Since 9/11, more than 600,000 reservists and guardsmen have been mobilized.ⁱ Defense Department Data shows that while members of the Guard and Reserve have made up about 28 percent of all U.S. forces deployed to Iraq or Afghanistan, there were periods during 2005 when they made up nearly half of all U.S. troops in combat.ⁱⁱ These deployments have taken a toll on the mental health, family lives, and economic stability of these brave men and women.

Understanding the role of reservists in the military, Congress acted in 1994 to ensure that when reservists and guardsmen answer the call of duty and return home, they also have the right to return to their civilian jobs. The Uniformed Services Employment and Reemployment Rights Act (USERRA) prohibits employer discrimination against members of the military, on the basis of their military service, in hiring or in reemployment. Unfortunately, studies and reports familiar to this Subcommittee show that—due to a number of factors—USERRA has not kept all of our reservists and guardsmen from falling through the cracks.

For example, a Christian Science Monitor article published this weekend bore the title, "While Reservists Serve, Their Jobs Don't Always Wait." The article outlines the story of Marine Reservist Steve Duarte, who held his civilian job for 19 years. Yet when he returned from Iraq in 2003, he was told that he would be let go at the end of the week. When his efforts with the Departments of Labor and Defense led nowhere, Duarte hired a private attorney and spent \$12,000 of his own money for fees. Several years later, he won his lawsuit and was awarded almost \$400,000. Duarte is not an isolated case. Numbers indicate that:

- 10,061 formal complaints were filed with DOL from October 1, 1996 through June 30, 2005.ⁱⁱⁱ
- Nearly 10,000 informal complaints were filed with the Office of Employment Support for the Guard and Reserve (ESGR), and over 2,000 formal complaints were filed with the Veterans' Employment and Training Service (VETS) and Office of Special Counsel (OSC) during fiscal years 2004–2005 (a total of almost 16,000).^{iv}
- Though numbers show slight improvement, the June 2006 Status of Forces Survey showed that military personnel reported being briefed on USERRA 1.8

ⁱJill Carroll. *The Christian Science Monitor*. While Reservists Serve, Their Jobs Don't Always Wait. April 10, 2008.

ⁱⁱKimberly Hefling. Associated Press. *Iraq War Vets' Suicide Rates Analyzed: High Numbers Found Among Members of Guard, Reserves*. February 13, 2008.

ⁱⁱⁱGAO. *Posthearing Questions Related to Federal Agencies' Activities Regarding the Uniformed Services Employment and Reemployment Rights Act*. GAO-08-397R Military Personnel. Senate Committee on Health, Education, Labor and Pensions. 1/9/08.

^{iv}Id.

times on average (up from 1.3 in 2004). The number of servicemembers who had never been briefed on USERRA decreased from 27 percent in 2004 to 21 percent in 2006.^v

- According to the GAO, about seventy percent of reservists facing difficulties in being reemployed or promoted did not seek any type of redress.

We must agree that these numbers are unacceptable. However, recent court decisions have weakened service members' ability to use USERRA to enforce their rights. These include allowing service members to be subject to binding arbitration agreements and limiting the types of relief the court can provide. My bill, H.R. 3393, will correct and clarify gaps in USERRA that have allowed employers to escape their legal obligations to the military service members they hire.

For example, in 2003 Lieutenant Colonel Michael Garrett, USMCR, was fired from his position with Circuit City stores following more than 10 years of work-related problems due to his service and training in the Marine Corps Reserve. When he sued the company, Circuit City responded with a motion to compel arbitration on the basis of a binding arbitration agreement that had been distributed to all employees in 1995. While the district court found that USERRA superseded the arbitration agreement, the 5th Circuit Court of Appeals reversed, finding that because Congress has not explicitly stated that USERRA plaintiffs "procedural" (as opposed to "substantive") rights are superseded by USERRA, the agreement was enforceable. The Reservist Access to Justice Act will provide needed clarity on this issue by amending the Federal Arbitration Act to exempt USERRA plaintiffs from binding pre-dispute arbitration agreements.

This legislation also addresses the need to ensure that injunctive relief is available to reservists who have been fired in violation of USERRA. Current law holds that only violations that result in "irreparable injury" can be prevented by a court injunction. Firings are not considered "irreparable" injury, since a court can award backpay if it finds that the firing was discriminatory. However, the unique goals of USERRA—to ensure that the jobs of service members are protected—cannot be achieved if the Court cannot act to prevent a discriminatory firing. H.R. 3393 strengthens USERRA by clarifying that the court "shall" use its equity powers to protect military service members.^{vi}

Additional key provisions of RAJA would accomplish the following:

1. **Expand Availability of Liquidated Damages in USERRA disputes.** Section 4323(d) of USERRA currently allows for liquidated damages only in disputes with a State or local government, or a private employer. Further, because liquidated damages are determined by doubling the amount of actual damages, a veteran may still end up without any monetary relief. RAJA will extend section 4323(d)(C) by making it applicable to the Federal Government. RAJA will also ensure that liquidated damages are always available by making the amount of damages equal to the actual amount of damages *or \$20,000, whichever is greater*.
2. **Make compensatory damages automatic absent a showing of good faith by the employer.** Section 4323(d) allows for a range of discretionary relief, including compensatory damages. RAJA will make the award of damages the default outcome, except where the employer can show that the USERRA violation was made in good faith.
3. **Provide for Punitive Damages in the Worst Cases of Discrimination.** USERRA currently does not provide the court with additional remedies to deter the most egregious violations of service members' employment rights. RAJA would make punitive damages available as a remedy in cases where the discriminator acted with "malice or reckless indifference to the federally protected rights of the person."
4. **Holds State Governments Accountable.** RAJA provides that States that accept federal funds for any state programs or activities have waived their sovereign immunity in cases of USERRA actions.

In addition to these key provisions, my office is currently finalizing the drafting of several additional provisions which would further re-invigorate USERRA. These provisions would do the following:

^vId.

^{vi}Section 4323(e) of USERRA allows the court to make discretionary use of its equity powers in order to vindicate the rights and benefits of the veteran. In the case of *Bedrossian v. Northwestern Memorial Hospital*, 409 F.3d 840 (7th Cir. 2005), the court declined to grant Dr. Bedrossian an injunction to prevent his employer from firing him. By amending Section 4323(e) to read that the court "shall use its full equity powers" instead of "may use its full equity powers," RAJA ensures that courts can act to prevent discriminatory firings.

1. **Clarify the Definition of Successor in Interest.** In *Coffman v. Chugach Support Services, Inc.*, 411 F.3d 1231 (11th Cir. 2005), a court found that Coffman had no remedy under USERRA. While the USERRA definition of “employer,” includes a “successor-in-interest,” the definition does not make clear that a merger or transfer of assets need not occur for a successor company to take on the reemployment obligations of the original company. In USERRA’s legislative history, Congress stated its intent to apply factors used in *Leib v. Georgia-Pacific Corp.*, 925 F.2d 240 (8th Cir. 1991) to define “successor-in-interest.” RAJA will codify Congress’ intent so that a company like Chugach, which interviewed all 100 of the previous contractors’ employees and hired 97 of them, would be considered a successor-in-interest for the purposes of protecting USERRA plaintiffs.
2. **Ensure that Prevailing Plaintiffs Receive Attorneys’ Fees.** Currently, USERRA makes the award of attorneys’ fees discretionary. By *requiring* the award of attorneys’ fees where appropriate, USERRA will ensure that reservists are able to turn to private attorneys to represent them when they are unable to find relief through government channels.

The views and recommendations of a number of experts were considered in the drafting of this legislation. As a result, H.R. 3393 has been endorsed by the National Defense Committee, The Military Officers Association of America, the Military Coalition, and the Reserve Officers Association. In a letter of support signed by *representatives of 32 member organizations*, the Military Coalition states, “Since September 11, 2001, more than 600,000 members of the Guard and Reserve have served the nation on active duty in the war on terror. Over 132,000 have served multiple tours and thousands more are in the call-up pipeline. For these selfless patriots and their families returning to home, hearth, and jobs is second only to accomplishing their mission. . . . The Military Coalition appreciates your introduction of this legislation. Your bill is a very positive step in helping sustain the Guard and Reserve as full partners in our operating forces. TMC strongly supports H.R. 3393 and pledges to work with you and all of Congress to secure its enactment.”

I urge you to join these organizations and support this legislation.

**Prepared Statement of Hon. Patrick J. Murphy,
a Representative in Congress from the State of Pennsylvania**

First, I would like to thank Chairwoman Herseth Sandlin and Ranking Member Boozman for holding this hearing and giving me the opportunity to speak on behalf of my bill, H.R. 3298, the 21st Century Servicemembers Protection Act.

Soon after my election to Congress, a JAG attorney who does legal assistance in the 101st Airborne contacted me to let me know about a growing problem that many deployed servicemembers are currently facing.

He explained to me that many of the soldiers he worked with have had their credit reports damaged during their deployments over issues concerning their contracts with cellular telephone or Internet service providers. This JAG attorney was able to put one of his own contracts on hold during his deployment, but to do so he was forced to pay a costly fee.

Looking into this further, I also discovered that some financial institutions were slow or unwilling to reduce servicemembers’ interest rates during their deployments, even though these creditors are already required to do so by law.

I learned that when servicemembers and their families ran into problems with service providers and creditors, they not only had to deal with the strain of deployment, but also faced repeated harassment by collection agencies.

We owe the men and women of our Armed Forces better than this.

For decades, the Soldiers and Sailors Civil Relief Act and its successor, the Servicemembers Civil Relief Act (SCRA) have provided crucial financial protection for our Soldiers, Sailors, Airmen, Marines, and Guardsmen. Now, as we continue to send a new generation of servicemembers into harm’s way, it is our obligation as Members of Congress to update and modernize SCRA for today’s troops.

The *21st Century Servicemembers Protection Act* expands SCRA to cover service contracts such as cellular phones, utilities, cable television, or Internet access. Similar to provisions that currently exist for residential and automobile leases, this legislation will allow troops with deployment orders to more easily terminate or suspend their service contracts without fee or penalty.

Currently, creditors who knowingly or negligently fail to reduce interest rates upon notification from a soldier with deployment orders, face no specific penalty.

Another provision of my bill would add a penalty to those creditors who refuse to reduce interest rates as they are already required to do under SCRA.

As a veteran of the United States Army and the war in Iraq, I know how important it is that our troops be able to focus on accomplishing their mission and coming home safely, without worrying about their credit rating or whether bill collectors are harassing their families.

Since this bill's introduction, my staff and I have worked with the industries that will be affected by this legislation. In doing so, we have developed compromise language that I believe maintains the intent of the bill as introduced while alleviating the concerns of the companies that will be affected by passage of this legislation. It is my hope that the Committee will adopt this revised language when the bill moves to mark-up.

This is not a Democratic or Republican issue. This is about doing what's right for our troops. With that, I would again like to thank the Chairwoman and the Ranking Member for giving me the opportunity to testify today, and I am happy to answer any questions.

Fleet Reserve Association
Alexandria, VA.
22 August 2007

The Honorable Patrick Murphy
U.S. House of Representatives
1007 Longworth Office Building
Washington, DC 20515

Fax: 202-225-9511

Dear Representative Murphy:

The Fleet Reserve Association strongly supports, "The 21st Century Service Members Protection Act" (H.R. 3298) to expand current credit protections for service members to terminate or suspend certain service contracts entered into before the individual receives notice of a permanent change of station or deployment orders.

Under current law, only residential leases (90 days or more) and vehicle leases (180 days or more) can be canceled. Your proposal expands these protections to include other services such as cell phone service, cable/satellite television, Internet service, auto insurance and utility payments. In cases of fees paid in advance, a company would have 30 days from the effective date of termination to provide a refund.

The bill also increases the potential penalty for companies that do not provide interest rate reduction to those eligible under the Service Members Civil Relief Act, which mandates a six percent rate cap on loans incurred prior to the service member coming on active duty.

The Association appreciates your leadership on this legislation and stands ready to assist you in its passage in the 110th Congress. The FRA point of contact is John Davis, FRA's Director of Legislative Programs at the above numbers or (john@fra.org).

Sincerely,

JOSEPH L. BARNES
National Executive Secretary

JLB:jrd:aal

Association of the United States Army
Arlington, VA.
12 September 2007

The Honorable Patrick Murphy
U.S. House of Representatives
1007 Longworth Office Building
Washington, DC 20515

Dear Mr. Murphy:

On behalf of the 105,000 members of the Association of the United States Army, I write to express our support for your legislation, the 21st Century Servicemembers Protection Act, H.R. 3298.

The Association of the United States Army strongly believes that military members called to defend our great nation should not be penalized by steep termination fees in contracts involving cellular phone service, car insurance, utilities, cable television, or Internet access. Also, we appreciate your recognition of the fact that serious penalties are warranted for unscrupulous lenders who knowingly fail to reduce interest rates for deploying servicemembers.

The Association of the United States Army applauds and supports your efforts to provide greater protections for military members and their families. We look forward to working with you to secure enactment of this legislation.

Sincerely,

GORDON R. SULLIVAN
General, USA Retired

GRS/WBL/rmw

Veterans of Foreign Wars of the United States
Washington, DC.
November 15, 2007

The Honorable Patrick Murphy
1007 Longworth Office Building
U.S. House of Representatives
Washington, DC 20515

Dear Representative Murphy:

On behalf of the 2.4 million members of the Veterans of Foreign Wars and our Auxiliaries, I'd like to offer our support for H.R. 3298, legislation that would expand the *Servicemembers Civil Relief Act (SCRA)* to cover service contracts such as cellular phone service, car insurance, utilities, cable television, or Internet access. This legislation would allow troops with deployment orders to terminate or suspend their service contracts without fee or penalty.

This important legislation would also create a penalty of up to \$10,000 for creditors who refuse to reduce interest rates as required by SCRA. As of currently, there is no penalty for creditors that choose not to adhere to SCRA; this legislation would ensure our service members being sent into harm's way are taken care of.

The VFW commends you for introducing this legislation and we look forward to working with you and your staff to ensure its success. Thank you for your continued support of all America's veterans. Also, thank you for your service in the 82nd Airborne.

Sincerely,

Dennis Cullinan, Director
National Legislative Service

Military Officers Association of America
Alexandria, VA.
August 30, 2007

The Honorable Patrick Murphy
The Honorable Tim Walz
U.S. House of Representatives
Washington, DC 20515

Dear Representatives Murphy and Walz:

On behalf of the nearly 367,000 members of the Military Officers Association of America (MOAA), I am writing to express our support for your legislation, the 21st Century Service Members Protection Act, H.R. 3298.

MOAA strongly believes that military members called to defend our great nation should not be penalized by steep termination fees in contracts involving cellular phone service, car insurance, utilities, cable television, or Internet access. Also, we appreciate your recognition of the fact that serious penalties are warranted for unscrupulous lenders who knowingly fail to reduce interest rates for deploying service members.

We would recommend further review of potential unintended consequences in the lease termination provisions in the bill. In many states a landlord would be required to hold and protect for a specified period personal property of a deployed service

member who has terminated a lease. This requirement is intended to protect tenants from retaliation. However, the bill would apparently result in criminal penalties for holding tenants' property that may be in their interest.

MOAA applauds and supports your efforts to provide greater protections for military members and their families. We look forward to working with you to secure enactment of this legislation.

Sincerely,

VADM Norbert R. Ryan, Jr. USN (Ret.)
President

National Guard Association of the United States, Inc.
Washington, DC.
September 10, 2007

The Honorable Patrick Murphy
1007 Longworth Office Building
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Murphy:

As a vital part of our Nation's Armed Forces, National Guard members continue to perform their federal active duty mission with distinction but not without risks to their legal interests at home.

While serving on active duty, National Guard members requires full protection of their civil legal interests and, where appropriate, relief from performing certain contractual obligations adversely affected by their active duty service.

NGAUS strongly supports H.R. 3298 now before the 110th Congress which seeks to expand the protections available to National Guard members under the Servicemembers Civil Relief Act with respect to terminating or suspending contracts for cellular phone service, cable or satellite television service, Internet service, automobile insurance, water, electricity, oil, gas, telephone and other utilities.

Our young men and women, who are selflessly serving our states and nation, deserve the protections they need to obtain relief from contractual obligations for services that they will not require during deployment.

NGAUS thanks you for your continued support of the National Guard.

Sincerely,

Stephen M. Koper
Brigadier General, USAF, (ret)
President

**Prepared Statement of Ronald F. Chamrin, Assistant Director,
Economic Commission, American Legion**

Madam Chairwoman and Members of the Subcommittee:

Thank you for this opportunity to present The American Legion's view on pending legislation before the Subcommittee today.

America needs a historic investment in the educational future of this nation's veterans. When The American Legion wrote the first draft of the Servicemen's Readjustment Act 1944, it changed the course of American history. A generation of heroes was able to join the middle class, achieve home ownership, earn higher education and live the American dream. More famously known as the GI Bill, it was hailed by many as the greatest piece of legislation ever. Sadly, as the generations passed and memories dimmed, the GI Bill benefits were so drastically reduced that many veterans either declined or were denied even the opportunity to participate in the program. Few veterans today have the luxury of attending school without also holding a job, and many colleges are completely out of reach simply due to financial barriers.

No longer can we continue to call each piece of education legislation in the 110th Congress a GI Bill. A true GI Bill encompasses such benefits as housing, employment, job counseling and training, health care, and education for veterans. These are the true "tools" for seamless transition from warrior back to citizen. The time to change history is once again upon us.

H.R. 4883, A bill to amend the Servicemembers Civil Relief Act to provide for a limitation on the sale, foreclosure, or seizure of property owned by a servicemember during the 1-year period following the service members period of military service.

The American Legion supports this legislation. This legislation would greatly assist those veterans that were deployed to a combat zone and had little time to successfully transition from active duty military service to the civilian sector. Members of the Reserve components would be the largest benefactors of an extension from 90 days to 1 year. Enactment of this legislation would provide veterans an extended period of time to become employed, correct all their finances and assist them in the transition process.

In the most unfortunate of circumstances, lenders are unwilling to negotiate and assist veterans who are in default status even though these veterans are in a good position to correct the situation. It is unfair to expect servicemembers to concentrate on fighting a battle overseas and then simultaneously attend to all their personal matters at home. Moreover, veterans have a positive track record of following through with payments. During the fourth quarter of 2007, only 2.83 percent of homeowners using the Department of Veterans Affairs' (VA's) Loan Guaranty program were seriously delinquent. This is much lower when compared to 6 percent for Federal Housing Administration (FHA) mortgages, and a whopping 14.44 percent for the subprime mortgages.

H.R. 3798, National Guard Employment Protection Act

Protecting employment rights of National Guard soldiers who are training to support their missions in the Global War on Terror is the right thing to do. This bill would improve current law by amending Title 38, United States Code (U.S.C.) to protect the reemployment rights of members of the National Guard who were ordered to active duty in support of national or state emergencies.

PENDING LEGISLATION TO AMEND THE VA LOAN GUARANTEE PROGRAM: H.R. 4884, H.R. 4539, H.R. 5664

Since the VA Home Loan program was enacted as part of the original *Servicemen's Readjustment Act 1944* (the GI Bill), VA has guaranteed more than 18.2 million home loans totaling nearly \$938 billion for veterans to purchase or construct a home, or to refinance another home loan on more favorable terms. In the last five years (2001–2006), VA has assisted more than 1.4 million veterans in obtaining home loan financing totaling almost \$197 billion. About half of these loans, just over 730,000, were to assist veterans to obtain a lower interest rate on an existing VA guaranteed home loan through VA's *Interest Rate Reduction Refinancing Loan Program*.

The American Legion supports the elimination of the VA Home Loan funding fee and petition Congress to appropriate funding to sustain the VA Home Loan program when the funding fee is eliminated. Currently, only service-connected disabled veterans are exempt from this funding fee. However, for all other eligible veterans, the VA funding fee charged to veterans was enacted to defray the costs of the VA guaranteed home loan program. The fee, currently 2.15 percent on no downpayment loans for first-time use, is intended to enable the veteran who obtains a VA home loan to contribute toward the cost of this benefit. Congress is not required to appropriate funding for this program; however, because veterans must now "buy" into the program, it no longer serves the intent of helping veterans afford a home.

In some aspects, the funding fee makes the VA Home Loan program less beneficial than a standard, private loan. Approximately 80 percent of all VA Home Loan participants must pay the current funding fee to VA to defray the cost of appropriating funding for the home loan program. This has had a negative effect on many veterans who choose not to participate in this highly beneficial program.

The American Legion supports the reinstatement and extension of the adjustable rate mortgage and hybrid adjustable rate mortgage project, not just for the immediate future, but indefinitely. The adjustable rate mortgage authority would enable VA the flexibility to assist more veterans in obtaining affordable homes.

The American Legion supports allowing spouses of deceased veterans to gain eligibility for the VA Home Loan program. The current eligibility for a home loan for spouses are: an unremarried spouse of a veteran who died while in service or from a service-connected disability, or are a spouse of a serviceperson missing in action or a prisoner of war. It is unfair for a veteran's spouse only to become eligible for the home loan if the veteran dies of a service-connected disability. Moreover, veterans are more likely than not to be the primary income provider for the household and contribute the majority of payments to mortgages for the family. Upon death of a veteran, the mortgage payments must continue to be paid and the burden falls

on the surviving spouse. Many times the spouse elects to relocate to a smaller, more economical home that is within their means. By allowing spouses to gain eligibility, many elderly widows/widowers will be able to enter the VA Loan Program.

A long overdue remedy to the refinancing laws is needed. In order to strengthen the Loan Guarantee program, the law should be amended to remove the 10 percent equity requirement in order to refinance a home and to increase the refinancing limit a veteran can obtain to match the maximum loan guarantee amount; currently \$417,000. Under current law, a veteran who wishes to refinance their home is limited to a loan of \$144,000.

Specially adaptive housing (SAH) is and will continue to be an important issue as severely wounded veterans heal and transition out of VA Polytrauma facilities. Since 1948, SAH assisted over 34,000 veterans totaling \$650M. For FY 2008 as of March 31, 2008, 550 veterans have had grants approved and 1,500 veterans are in some stage of pursuit of grant today.

It is important to note that there are 7,200 veterans currently being tracked by the VA Loan Guarantee Service that are eligible, but not taking advantage of SAH at this time. These veterans could request specially adaptive housing assistance at any time and as the Global War on Terror continues, more veterans will require special adaptations to their homes. Studies required every six years to update plans and specifications are not the proper solution. Rather, continuous oversight and constant updates to veterans, Congress, and interested parties would better serve the veteran community.

Housing Crisis Affecting Veterans

The National Alliance to End Homelessness (NAEH) report, "Vital Mission, Ending Homelessness Among Veterans" reports that currently, over 930,000 veterans pay more than 50 percent of their income toward housing, be it renting or owning a home. (476,877 rent/453,354 own) When testifying before your Subcommittee; economists, lenders, realtors, and other experts painted a bleak outlook for the future in terms of veterans defaulting and foreclosing on their homes. If a veteran loses his or her job, has a financial emergency, or some other factor leading to delinquency, nearly 1 million veterans could be close to losing their homes.

The Government Accountability Office (GAO) reported that the overall default rate grew by 29 percent, reaching a point at which just over 1 in every 100 mortgages was in default, almost a 28-year high. The foreclosure start rate did reach a 28-year high, rising by 55 percent. (GAO-08-78R Default and Foreclosure Trends (October 2007)).

In comparison to the subprime mortgage crisis, the VA Home Loan program is helping veterans maintain their homes through supplemental services. The VA Loan Guarantee Service reports that in 2007, there were 58,836 reported defaults:

- Only 16,000 had VA-Veteran assistance through the Supplemental Servicing program provided by the VA.
- Approximately 8,400 saved loans with assistance with the VA Home Loan program supplemental servicing.
- Just 8,100 homes foreclosed.

PENDING LEGISLATION TO ESTABLISH A STUDY OF VETERAN TRENDS AND PROGRAMS: H.R. 3646, H.R. 3889

A joint study to ascertain the needs of employees between Department of Labor's (DOL) Veterans' Employment and Training Services (VETS) and VA, as proposed in H.R. 3646, must also have Department of Defense (DOD) involvement to determine what military occupational skills can successfully translate over to the civilian sector. In the Armed Forces, unique occupations are performed to approved military standards that may meet or exceed the civilian license or certification criteria. Upon separation, many former military personnel, certified as proficient in their military occupational career, are not licensed or certified to perform the comparable job in the civilian workforce, thus hindering chances for immediate civilian employment and delaying career advancement. This situation creates an artificial barrier to employment upon separation from military service.

Unemployment, underemployment, difficulty translating military skills to the civilian sector and the state of our economy are proving to be obstacles to employment. Younger veterans of Operation Iraqi Freedom/Operation Enduring Freedom (OIF/OEF) are experiencing employment obstacles at an alarming rate. A report by the DOL-VETS finds that 11.3 percent of veterans ages 20 to 24 were unemployed in 2007, compared to only 8.1 percent of nonveterans in the same age group. Moreover, a separate report by VA (Employment Histories Report Final Compilation Report, Associates Inc. September 28, 2007) shows a rise in the figure for those who stopped looking for work because they couldn't find jobs or returned to school from

just 10 percent of young veterans in 2000 to 23 percent in 2005. VA even reports a higher percentage of unemployed veterans, 18 percent of veterans aged 20–24 who sought jobs within one to three years of discharge were unemployed.

A longitudinal study of the vocational rehabilitation program proposed in H.R. 3889 has the potential to greatly assist VA's efforts in rehabilitation and other aspects of benefits and health care. The requirement to provide annual reports enforces greater oversight of this vital program. In addition to the requirements set forth by the legislation, The American Legion recommends that the Secretary report on all aspects of employment and housing and other related data of the families of veteran sample source.

PENDING LEGISLATION TO AMEND VETERANS' EDUCATION BENEFITS: H.R. 4889

The American Legion strongly agrees with H.R. 4889, The Guard and Reserves Are Fighting Too Act of 2008, and fully supports the intent of the bill that would move the Reserve Educational Assistance Program (REAP) from Chapter 1607, Title 10, U.S.C., to a new chapter under Title 38, U.S.C. Recodification of REAP benefits would place the administration and oversight authority under VA and the Veterans' Affairs Committees. Traditionally seen as a recruitment tool, Montgomery GI Bill (MGIB) benefits can also be viewed as a readjustment tool that more closely falls in line with the purview of VA for seamless transition from active-duty to the classroom.

However, The American Legion has concerns regarding the technical language. If H.R. 4889 were enacted in its current form, the positive veterans' education provisions contained in the FY 08 National Defense Authorization Act (NDAA) would be removed. Therefore, The American Legion most strongly recommends making technical corrections to H.R. 4889 to contain the new veterans' education provisions enacted under Title 10, U.S.C., by the NDAA. The language would then fully match the legislative intent to transfer of all REAP benefits to Title 38, U.S.C.

The most notable positive provision in the NDAA in regards to veterans' education is the portability of benefits of REAP beneficiaries. The NDAA enacted legislation in Title 10, U.S.C., to allow Reservists to use their Chapter 1607 educational benefits for 10 years after separation from the Reserves and permits Reservists to reclaim previously earned 1607 benefits and use them for 10 years following any subsequent separation, if they rejoin the Armed Forces.

This is important because we must understand that many of the Reservists, who have fought in Iraq and Afghanistan, have already left the service due to multiple deployments, injuries, family, or retirement. Reservists should not be penalized because they served in the war, but chose to separate before the war ended.

Additionally, the NDAA authorizes an accelerated payment program; allowing Reservists with three cumulative years of active-duty service to qualify for education benefits at 80 percent of the active-duty rate, and creates a buy-up program for service members eligible for Chapter 1607 benefits.

The American Legion has no official position at this time on H.R. 5684, Veteran Education Improvement Act and H.R. 3681, the Veterans Benefits Awareness Act

The American Legion has no official position on H.R. 3393, Reservist Access to Justice Act; H.R. 3298, 21st Century Servicemembers Protection Act; and H.R. 3467, Second Chance for America's Veterans Act.

CONCLUSION

The American Legion appreciates the opportunity to present its views on programs that will affect veterans, servicemembers and their families. An author once wrote, "A veteran is someone who, at one point in their life, wrote a 'blank check' made payable to the United States of America for an amount 'up to and including my life.' That is honor, and there are way too many people in this country who no longer understand it." We ask that this Subcommittee take into consideration the recommendations of The American Legion as your colleagues address these issues. Many steps should be taken to ensure that those who have put on the uniform and have written a "blank check" to this country (to include the ultimate sacrifice) continue to receive the thanks of a grateful nation. We also ask the Subcommittee not to forget the sacrifices and contributions made by America's veterans and their families as the legislation that you deliberate upon will have lasting effects on them.

The American Legion looks forward to continuing to work with the Subcommittee to assist the nation's veterans. Madam Chairwoman and Members of the Subcommittee, this concludes my testimony.

**Prepared Statement of Justin Brown, Legislative Associate,
National Legislative Service, Veterans of Foreign Wars of the United States**

Madam Chairwoman and Members of this Subcommittee:

On behalf of the 2.3 million members of the Veterans of Foreign Wars of the United States and our Auxiliaries, I would like to thank this committee for the opportunity to testify. The issues under consideration today are of great importance to our members, and the entire veteran population.

In the history of our nation there have always been great men and women who have put everything on the line for our country. Our nation is full of these heroes, who join together to create the world's strongest, most impressive, and smartest military. However, our military is not maintaining the quality of the force. According to a recent GAO report, the percentage of high quality recruits in the Army fell to 49 percent in 2006—the lowest level in more than 20 years and the lowest among the services. Also, the total number of medical and criminal waivers has risen steadily from 11.5% of recruits in 2004 to 16.9% of recruits in 2006 (10.1% of 2006 recruits were waived for pre-service drug use, criminal charges, or convictions).

From 1973–1985, similar recruitment standards produced veterans that were three to four times more likely to be homeless than their non-veteran counterparts, even without most of this group suffering the stresses and strains of combat or the mental and physical problems that follow.

The risks and costs of joining the Army are becoming more and more apparent to young men and women who are eligible for recruitment. To join today's military is to risk death; it is to risk mental and physical impairments; it is to risk one's marriage; it is to risk the custody of one's children; it is to risk employment; and it is to risk economic success. The military's strongest recruitment tool of a college education is fast eroding as potential recruits learn of the shortfalls and failures of the current benefits provided to those who risk everything for their nation.

There are two strategies to solve the issue and respectively there are two outcomes. The Army and Marine Corps have not met their goal of high-quality recruits since 2003. DoD's response has been to lower recruitment standards, thereby enlarging the pool of eligible recruits, to meet their recruitment needs. The consequence of such actions is creating a situation in which the military becomes the employer of last resort. This will likely lead us to larger expenditures in the long term, than investing in a robust, attractive, proven recruitment tool—a GI Bill that pays for the full cost of education: tuition, room, board, fees, and a cost-of-living stipend.

Increased funding, albeit necessary, is not the only issue with our current GI Bill. Our veterans, and military, need a GI Bill that incentivizes going to the best college possible, not the cheapest. Also, a new GI Bill ought to equitably distribute benefits to veterans. A single payment system becomes inhibitive to many and too generous for others.

The GI Bill is a cost of war; we can pay it now as an investment, or pay it later in much greater costs to our government and our veterans. If we decide to defer this cost it will be for increased appropriations for permanent housing for homeless veterans, increased appropriations for the expansion of the Incarcerated Veterans Transition Program, and increased appropriations due to a further reliance on the VA medical and benefits system.

The VFW asks that America does its best to ensure our veterans a normal life with the same opportunities as those who chose to go to college, or as those who chose to go into the workforce, vice serving their nation. It is simple, and readily apparent, that if we continue to fail to provide our young men and women a bridge from the all volunteer force back to a civilian lifestyle, fewer high-quality young men and women will volunteer to serve their country.

H.R. 3298, 21st Century Servicemembers Protection Act.

We support this legislation, which would expand the *Servicemembers Civil Relief Act* (SCRA) to cover service contracts such as cellular phone service, car insurance, utilities, cable television, or Internet access. This legislation would allow troops with deployment orders to terminate or suspend their service contracts without fee or penalty. The current SCRA legislation applies no penalties for creditors who refuse to reduce interest rates as required; this legislation would create a penalty mechanism thereby increasing the likelihood for companies to comply with the law. This is important because many deployed men and women are coming home to large bills that were not efficiently canceled by service providers.

H.R. 3393, *Reservist Access to Justice Act of 2007.*

The VFW believes that there is great need for reform to the Uniformed Services Employment and Reemployment Rights Act of 2004 (USERRA). The original intent of USERRA was to provide employment protections to veterans in Reserve and Guard units who were being deployed. The current USERRA is not getting the job done as many veterans are returning from deployments without their previous employment.

H.R. 3393 would correct some previous court decisions that favored employers. The bill would hold federal, state or private employers liable for up to \$20,000 in liquidated damages if they willfully discriminated against employees who are activated to active-duty status. The bill would also increase the likelihood that the courts would award injunctive relief to those making USERRA claims. The bill would stipulate that veterans are not bound to pre-arbitration agreements.

The VFW strongly supports these necessary reforms to USERRA, and supports its swift passage. Our Reserve and Guard units should come home to their previous employment if they choose to do so. They have served in the name of their country and should be treated honorably.

H.R. 3467, *Second Chance for America's Veterans Act.*

The Second Chance for America's Veterans Act would extend and provide funding for the Incarcerated Veterans Transition Program (IVTP). During its pilot phase, IVTP stated it reduced recidivism rates amongst participants by 90 percent. IVTP also recorded that 90 percent of its participants were moved into permanent housing, and 72 percent became gainfully employed. Under this assumption, IVTP has saved taxpayers millions of dollars a year in incarceration costs and has stimulated local job growth and economic development by providing former offenders with jobs. The pilot program stopped receiving funding as of September 2007. If this program continues to reduce recidivism rates for veterans and offsets the cost of the program with the cost of incarceration, the VFW supports this program and this legislation.

H.R. 3646, *To direct the Secretary of Veterans Affairs and the Secretary of Labor to conduct a joint study on the fields of employment for which the greatest need for employees exists in various geographic areas.*

The VFW supports this legislation, which would assist veterans in finding employment based on the needs of local employers. While the VFW is aware of the strong unemployment levels of recently separated servicemembers, and the importance of locating potential employment opportunities for veterans, it is also important to give these veterans access to training and education should they want to pursue a technical vocation, college degree, or certification. It is the VFW's belief that increased transitional benefits, the GI Bill and Vocational Rehabilitation in particular, are the best answer to employment issues facing veterans, especially in regards to our recently separated servicemembers.

H.R. 3681, *Veterans Benefits Awareness Act of 2007*

The VFW supports this legislation, which would authorize the Secretary of Veterans Affairs to advertise in the national media in regards to veterans benefits. The VFW believes that targeted national media campaigns could be conducive to ensuring America's veterans are receiving necessary information in a timely manner. Other departments frequently utilize national media and advertisement with great success. In particular, DoD uses national media extensively for recruitment. It is the belief of the VFW that our government should be as proactive in their approach to veteran's welfare as they are in making them.

H.R. 3889, *To amend title 38, United States Code, to require the Secretary of Veterans Affairs to conduct a longitudinal study of the vocational rehabilitation programs administered by the Secretary.*

The VFW supports this legislation, which would provide information in regards to the effectiveness of the VA's Vocational Rehabilitation program. The VFW would like to see this, and similar studies, conducted on all educational, transitional, and employment benefits, as very little is known in regards to the end results provided by our current transitional benefits. Such a study, and tracking, of the benefit and participants would provide Congress and the VA invaluable information as to what is, and what is not, working in regards to benefits that are currently being distributed for the purpose of employment and education.

H.R. 3798, *National Guard Employment Protection Act of 2007.*

The VFW supports this legislation that would ensure that the National Guard receives equal employment protections under USERRA. This legislation clears up a legal loophole for employers of National Guard members. The National Guard, like our Reserve components, deserves full employment protections while serving our country.

H.R. 4539, *Department of Veterans Affairs Loan Guaranty Cost Reduction Act of 2007.*

The VFW would like to see the loan fees of the VA home loan guarantee program repealed. While this legislation does not repeal the fees, it would make them more feasible for veterans using the program by extending them over a period of time. The VFW strongly supports provisions of the bill that would increase the max loan VA can guarantee to 125% of the Freddie Mac conforming limit, currently \$521,250. This legislation would also reduce the equity requirement for the VA to guaranty a mortgage refinance from 10 percent currently to 0 percent. We also support the provisions that would raise refinance loans to the conforming limit and increase the guaranty for affordable housing (as determined by VA and HUD) to 30% of the total loan. This legislation also authorizes VA to use a portion of the previous year's fee revenue to reduce closing costs.

H.R. 4883, *To amend the Servicemembers Civil Relief Act to provide for a limitation on the sale, foreclosure, or seizure of property owned by a servicemember during the one-year period following the servicemember's period of military service.*

This legislation would temporarily increase servicemembers' foreclosure relief from 90 days to one year. This legislation would help families that have been caught in the subprime mortgage crisis and/or are in risk of default on their mortgage due to military service. This legislation could be the difference between a servicemember's family having a home or being homeless.

H.R. 4884, *Helping Our Veterans to Keep Their Homes Act of 2008.*

The VFW supports this legislation, that would: increase the maximum home loan guarantee amount to \$625,500; decrease the equity requirement to refinance a home loan; require the VA Secretary to review and streamline the process of using a guaranteed home loan to purchase a condominium; reduce the home loan funding fees to one percent; extend the adjustable and hybrid rate mortgage demonstration projects to 2018; and provide a yearly adjustment of the VA home loan to match the consumer price index.

H.R. 4889, *The Guard and Reserves Are Fighting Too Act of 2008.*

The VFW strongly supports this legislation, which would recodify chapter 1607 of title 10, United States Code, by adding it to title 38, United States Code. This in effect would transfer responsibility of the National Guard and Ready Reserves educational benefits from the Department of Defense to the Secretary of Veterans Affairs. This would greatly simplify an already complicated system and allow for the greatest amount of transitional assistance in one location, the VA. Since the introduction of transportability in the National Defense Authorization Act of 2008—which allows National Guard and Reservist to use their benefit following their service—the VFW believes that their educational benefits should be the responsibility of the VA.

H.R. 5664, *To amend title 38, United States Code, to direct the Secretary of Veterans Affairs to update at least once every six years the plans and specifications for specially adapted housing furnished to veterans by the Secretary.*

The VFW supports this legislation. That would require VA to periodically update its publications so that they reflect current times and methods. The current *Handbook For Design: Specially Adapted Housing*, that is printed and distributed by VA, was last updated in April 1978. Having a title date that is thirty years old could easily, and would likely be, misconstrued as old out-of-date material.

H.R. 5684, *Veterans Education Improvement Act of 2008.*

The VFW supports this legislation, which would provide for an increased monetary benefit. It would also increase the time limitation for use from ten years to fifteen years. It does not repeal the \$1,200 buy in, but it would make it more palatable by distributing the buy in over a 24-month period, instead of a twelve month period. H.R. 5684 would extend the amount of programs that the educational benefit could be used for and could also be used to repay student loans. The bill would allow for active-duty military to enroll in the GI Bill program at any time during their service. This benefit would not be counted against veterans applying for additional financial aid. The bill would also provide funding for additional employment for the VA to implement the legislation and calls for a five-year pilot program for on-campus work-study positions. Also, of importance is the bill's section calling for an upgrade in the antiquated VA's informational technology system that is used for the administration of educational benefits.

Madam Chairwoman, this concludes my testimony and I will be pleased to respond to any questions you or the Members of this Subcommittee may have. Thank you.

**Prepared Statement of Richard Daley, Associate Legislation Director,
Paralyzed Veterans of America**

Chairwoman Herseth Sandlin, Ranking Member Boozman, members of the Subcommittee, Paralyzed Veterans of America (PVA) would like to thank you for the opportunity to testify today on the various pending legislation. We appreciate the Subcommittee's focus on such a broad range of issues.

H.R. 3298, the "21st Century Servicemembers Protection Act"

PVA supports H.R. 3298, the "21st Century Servicemembers Protection Act". This bill is a necessary complement to other legislation previously passed that aids service members with their transfer or deployment when the departure was not planned. This will allow the servicemember to terminate a contract without penalty when the individual is required to relocate. Service contracts entail a specific number of days, months, or years to protect both the provider of the service and the user. When a man or woman is serving in a branch of the military, standard contracts that are written for, and used in the civilian world must grant this leeway with a time commitment. Those that have chosen to serve in the military should not be penalized by a contract when called to serve this nation.

H.R. 3393, the "Reservist Access to Justice Act of 2007"

PVA supports H.R. 3393, the Reservist Access to Justice Act of 2007. This bill reinforces the intent of Congress when they passed improvements to the Uniformed Service Employment and Reemployment Rights Act (USERRA) in 2004. It is unthinkable that some employers have spent large amounts of money in the legal system to prevent a Reservist or National Guardsman from returning to his or her job after performing their service in the armed forces. H.R. 3393 would give reservists the right to bring their case in state or U.S. district court. It would make injunctive relief mandatory and provide for punitive damages in the worst cases of discrimination.

H.R. 3467, the "Second Chance for America's Veterans Act"

PVA supports H.R. 3467, the "Second Chance for America's Veterans Act". This will provide funding for the Incarcerated Veterans Transitional Program (IVTP) for fiscal years 2008 through 2011. It will expand the program allowing more veterans to participate during these years. The success of the program has been documented with the three-year pilot program that ended in 2007. It has proven to be extremely effective in reducing the recidivism of veterans, improving the quality of life for the veterans, and saving the taxpayer the estimated \$33,600 per year cost for incarceration. This program could help turn these men and women that served their nation honorably into upstanding citizens once again.

H.R. 3646

PVA supports H.R. 3646, a bill that requests a joint study of employment opportunities for veterans. With more than 220,000 active duty military personnel leaving

the military each year, every state will have thousands of veterans looking for employment. The 110th Congress has introduced several new bills that are intended to help these new veterans as they seek training, education, or employment.

H.R. 3646 can be another tool for these men and women as they plan their transition from military to civilian life. This bill calls for the Department of Labor and the Department of Veterans Affairs to conduct a study to locate employment opportunities and the fields of employment for which the greatest need for employees exists. This would indicate opportunities by zip codes or regions of a state. The Department of Labor has most of this information in their data base.

By posting this information on the VA's web site, the veteran will be able to identify employers in their home state and review the requirements for employment. This could be a useful tool for the veteran when looking for employment opportunities or planning employment training using the Montgomery GI Bill.

H.R. 3681, the "Veterans Benefits Awareness Act of 2007"

PVA fully supports H.R. 3681, the "Veterans Benefits Awareness Act." This bill would allow the VA to use national media outlets to conduct outreach to veterans around the country. Many veterans leave the service with very little knowledge of benefits available. Some service members participate in the Transition Assistance Program (TAP) prior to their separation from the military. In TAP they receive information about searching for a job and VA benefits. Though it has been used more widely in recent years, this program is still not mandatory for service members and it is not a standard program where all servicemembers in all branches receive the same information. PVA and other veterans' service organizations have continuously expressed concerns about the VA not making an effort to reach out to veterans who have earned and deserve healthcare and benefits.

We believe it is the responsibility of the VA to use whatever means necessary to inform veterans and their families of the benefits and services available to them. VA must ensure that the needs of the men and women who have served and sacrificed are provided for.

H.R. 3889, Longitudinal Study of VA Voc Rehab

PVA fully supports the H.R. 3889, a bill that requires the VA to conduct a longitudinal study of veterans who enter the Vocational Rehabilitation and Employment (VR&E) program beginning in FY 2008. We believe that VR&E is critical to the reintegration of severely disabled veterans into civilian life. The primary mission of the VR&E program is to provide veterans with service-connected disabilities all the necessary services and assistance to achieve maximum independence in daily living and to the maximum extent feasible, to become employable and to obtain and maintain suitable employment.

In fact, PVA places such an importance on vocational rehabilitation that last year we designed our own vocational rehabilitation program to further support what the VA is already doing, and to go above and beyond current services. The concept of the program is to provide vocational rehabilitation services under a PVA-corporate partnership that augments the many existing vocational programs. PVA believes that by introducing veterans with SCI disability to vocational rehabilitation counselors specializing in SCI disability that are able to provide extensive vocational-oriented services early in the medical rehabilitation process and who can continue to provide services as needed, the productivity and employment rates for this group of veterans will improve.

In partnership with VA and Health Net Federal Services, PVA opened its first vocational rehabilitation office in the SCI Center of the VA Medical Center in Richmond, Virginia in July 2007. The workload in our pilot office has grown rapidly and our PVA vocational rehabilitation counselor in Richmond is currently carrying a caseload of more than 70 veterans.

Buoyed by our rapidly growing caseload in Richmond, the establishment of productive relationships with the Veterans Health Administration and VR&E, PVA just recently opened a second vocational rehabilitation office in Minneapolis under the corporate sponsorship of Tri West. In fact, the ribbon cutting for that office will be this Friday, April 18, 2008. We are confident that our continuing efforts in this initiative as well as the continuing efforts of our VA partners will result in the 85 percent unemployment rate among PVA members becoming a sad statistic of the past.

H.R. 4539, the “Department of Veterans Affairs Loan Guaranty Cost Reduction Act of 2007”

PVA supports H.R. 4539, the Department of Veterans Affairs Loan Guaranty Cost Reduction Act of 2007. This legislation will increase the maximum amount of the home loan guaranty that the VA provides to veterans. It will cap funding fees on loans and provide incentives for using the VA loan for affordable housing. The bill will update the existing VA Loan Guaranty Program with the hope that more veterans will become homeowners.

H.R. 4883

H.R. 4883 will amend the Servicemembers Civil Relief Act to provide for a limitation on the sale, foreclosure, or seizure of property owned by a servicemember during the 1-year period following the servicemember's period of military service. PVA supports this legislation that will protect the servicemember from losing his or her home because they were away defending this nation.

H.R. 4884 the “Helping our Veterans to Keep their Homes Act of 2008”

PVA supports H.R. 4884, the “Helping our Veterans to Keep their Homes Act of 2008”. H.R. 4884 will amend Title 38, United States Code, to make improvements in the home loan guaranty program increasing the total amount of the loan guaranty and restricting fees to make the program more attractive for veterans to use.

H.R. 4889, “The Guard and Reserves Are Fighting Too Act of 2008”

PVA supports H.R. 4889 the “Guard and Reserves Are Fighting Too Act of 2008”. This legislation will recodify the educational benefit for the Guard and Reserve from the current Title 10, to Title 38, United States Code. Along with this recodification, Congress will make significant changes in the educational benefits for those servicemembers that are playing a significant role in the War on Terrorism. Many of the young Guard and Reserve members worked in a part time position, attended school, or worked in a position that paid less than a living wage. This legislation will allow Guard and Reserve members to return to school or enroll in a training class to further their career.

Recent surveys show that veterans returning home from military duty face a bleak job market. Eighteen percent of the veterans who recently returned from tours of duty are unemployed. Of those employed since leaving the military, 25 percent earn less than \$21,800 a year, according to the VA. This legislation will provide these veterans with the money needed to continue their education while employed, or looking for employment.

H.R. 5664, Specially Adapted Housing

While PVA supports the intent of H.R. 5664, we have serious concerns with the language of the bill, as it is written. The legislation specifically calls for the VA to regularly update specially adapted housing “plans and specifications” furnished to veterans by the VA. The VA is not responsible for providing plans and specifications to veterans who are eligible for the Specially Adapted Housing (SAH) grant. It provides assistance to the veteran through application of ideas presented in the *Handbook for Design: Specially Adapted Housing* (VA Pamphlet 26-13). We believe that the language of the bill should read “The Secretary shall update the Handbook for Design at least once every six years. The update should include consideration for new and unique disabilities to include vision impairments, impairments specific to upper limb amputation, and burn injuries.”

PVA was fortunate to participate in the hearing held last year regarding application of the SAH grant. We are well aware of the unique challenges faced by many new veterans with complex disabilities incurred while serving in the War on Terror. However, it is important to understand that the basic accessibility concepts in the VA Pamphlet 26-13 are not outdated, as implied during that hearing. If there is a fault, it is that it seems to focus on wheelchair accessibility. But what most people do not realize is that basic wheelchair accessibility is meant to cover the concept of universal home design. Furthermore, the accessibility recommendations suggested in VA Pamphlet 26-13 actually exceed American's With Disabilities Act (ADA) recommendations as well as the Fair Housing Accessibility Guidelines. With these thoughts in mind, PVA can support the legislation if the language is changed to reflect the actual intent.

H.R. 5684, the “Veterans Education Improvement Act of 2008”

PVA supports most of the provisions of this bill. We realize that legislation intended to replace existing landmark legislation such as the Montgomery GI Bill, will receive many modifications to satisfy various parties before it becomes law. With that in mind, we have only a few concerns. The Fee to participate in the program should be removed.

There was no charge for the educational benefit for the veterans of WWII or the Vietnam era veterans. The veterans of the current conflict should not have to pay for this benefit. Although it is a reduced fee of \$50 per month (for 24 months) from \$100 per month, it is still a large amount of money from an E-1 or E-2 in the service.

The bill does not include educational benefits for the Guard and Reserve. Without these military components, the nation could not conduct the War on Terror. They are fighting and paying the cost war along with the regular forces. We have an obligation to provide the same educational benefits that the regular forces receive. We should not have to inform these veterans that perhaps a law will be passed next year, or 2010, that will give them equal educational benefits.

The extension of time to use the program is helpful for veterans who may need more time to complete their education. We favor the provision of including veterans in the program discharged with a General Discharge. The 5-Year pilot program for on-campus work-study positions can be helpful for many students. Using the educational assistance program for business courses and seminars is an innovative use of the program.

Increasing the fees paid to the schools will help the institutions with processing the veterans. Chairwoman Herseth Sandlin, Ranking Member Boozman, Members of the Committee, I would like to thank you again for this opportunity to express our concerns on these issues. I would be happy to answer any questions you may have.

Prepared Statement of Patrick Campbell, Legislative Director, Iraq and Afghanistan Veterans of America

Madam Chairwoman and members of the House Veterans' Affairs Committee, Subcommittee on Economic Opportunity, on behalf of Iraq and Afghanistan Veterans of America (IAVA), thank you for this opportunity to testify in front of this Subcommittee again, especially with so many important pieces of legislation being considered at one time.

I. H.R. 5684 “Veterans Education Improvement Act”

In January, IAVA along with the other Veteran Service Organizations (VSO) sitting with me today presented to you our top priorities for reforming the education benefits for veterans. After months of discussion and debate, the VSO and Education community united behind two critical reforms. We need a GI Bill that:

1. Fully Covers the Cost of Education at any Public School in the Country
2. Compensates Guard/Reserve Servicemembers for Serving Multiple Tours

We are happy to see that this Committee is continuing to focus on the plight of servicemembers attempting to earn a degree with substandard education benefits. If enacted, H.R. 5684 would mean a considerable improvement in education benefits for veterans across the country.

IAVA is encouraged to see provisions that would increase the monthly rate for education benefits under Chapter 30 to \$1950/month, an increase of 77%. At most, a veteran would receive \$17,550/yr. which is slightly above the average cost of a public school education, currently at \$17,336/yr. according to the College Board.

We also support the inclusion of a 5-year usage extension, allowing servicemembers to pay back their student loans, and many of the administrative changes contained in the bill. By adding additional staff, money for information technology and increasing the per-veteran fee paid to schools for GI bill administrators, veterans who depend on this benefit will experience substantially better customer service. We thank the chairwoman and this committee for their hard work on this bill.

However, to borrow a phrase used in the 1944 debates about the original GI bill, “Not all that glitters is gold.” I have testified before this Committee that the current Chapter 30 benefit structure is fundamentally flawed and unfortunately, this bill fails to address key structural issues with the benefit.

First, flat-rate education benefits create an incentive for veterans to attend the cheapest school possible and do not reward veterans for challenging themselves. Second, for many veterans attending school in high-cost urban areas even \$17,550/yr will not cover the full cost of a public school education. Third, requiring veterans to burn months of entitlement to pay for up front costs, such as tuition and books, will discourage veterans from completing a 4-year degree. Last and most importantly, there is no mechanism for this benefit to keep up with the rising cost of education.

1. Flat Rate Benefits Create Disincentives

The genius behind the original 1944 GI bill was that it challenged veterans to “be all they could be” by rewarding those veterans who attended more challenging and consequently more expensive schools. The benefit, which paid for the full cost of tuition and provided a monthly living stipend, was a promise to the veteran: “You worry about getting accepted and the government will cover the cost.” Unfortunately, when the GI bill transferred to a flat monthly rate in 1977, veterans were forced to choose between more difficult schools that would require them to work a second job or attending cheaper and easier schools where they would be able to pocket some of their education benefits.

A veteran attending a community college in rural America will be pocketing almost \$7,000/yr. (over \$11,000 if they apply for a Pell grant) under this proposed benefit scheme, while other veterans will still need to take out loans or work to see their education paid for.

	SE Tech. (SD)	U. of Ark.	Cal. Berkeley	Notre Dame
Tuition:	\$3,800	\$6,038	\$8,382	\$36,850
Room & Board:	\$5,900	\$7,982	\$13,848	\$9,830
Other Expenses:	\$1,000	\$3,138	\$3,076	\$2,350
Total Cost of Educ.:	\$10,700	\$17,158	\$25,308	\$49,030
vs. H.R. 5684 Benefits	\$6,850	\$392	(\$7,758)	(\$31,480)

This phenomenon explains why many veterans choose the cheapest path to earning a college degree and why online courses have the highest rates of GI Bill users, and why, according to a RAND study from 2000, “90 percent of veterans go to two-year colleges” compared to “38 percent of all students” (Asch, Fair and Kilburn, RAND, 2000). IAVA recommends modifying H.R. 5684 to provide veterans an incentive to challenge themselves by providing tuition credits up to a set amount, preferably at least the average cost of tuition at public university (currently \$6,185/year, according to the College Board).

2. Benefit Does Not Cover Full Cost of Education at Many Public Schools

IAVA believes that any new education benefit should renew the promise made to our men and women in uniform back in 1944, by guaranteeing that these veterans will be able to attend any public university with their GI bill benefits. Although this benefit will cover the full cost of education at any public school in Arkansas, Indiana, Kansas and South Dakota, the benefit falls well short for public institutions in California and New York. In California alone, the benefit will not cover the cost of education at any of the University of California campuses nor fourteen of the California State Universities. In New York, the overall benefit is slightly below the typical cost of education at a State University of New York (SUNY) campus—currently estimated at \$17,630/yr.—and the cost of education at many SUNY campuses exceeds that estimate.

3. Burning Future Entitlement Discourages Finishing Degrees

IAVA agrees that charging advance payments used to help veterans pay for initial education costs from the final months of a veteran’s education entitlement, as provided for in Section 19 of H.R. 5684, would be a marked improvement from the current system. However, IAVA also believes that H.R. 5684 should abandon the advance payment scheme altogether in exchange for up front tuition payments made directly to the school.

Currently, veterans can only use one month of education entitlement every year to help defray the large startup cost associated with paying for tuition and fees. The current value of one month of entitlement is \$1,101 (\$1,950 under H.R. 5684) and

that amount does little to help a veteran pay the \$6,185 average tuition payment for a four-year public university. Furthermore, if a veteran were to use advance payments for all four years of their education, by the time they got to their final semester they would have no educational benefits left. Either option, taking or not taking advance payments leaves the veteran in a Catch-22. IAVA recommends modifying H.R. 5684 to strike the advance payment system and provide tuition credits paid directly to the school that are not charged against a veteran's monthly entitlement.

4. Value of Benefit Diminishes Rapidly

There is no mechanism for this new benefit to keep up with the rising cost of education. Since H.R. 5684 does not modify the current yearly increases linked to the Consumer Price Index, every year a veteran remains in service the value of their education benefit dwindles. The cost of education has outpaced inflation by over 100% since 1984 and 34% since 1996. Based on the previous increases to the CPI (Bureau of Labor & Statistics) and Total Charges for education (College Board) this is what the new education benefit will look like in five and ten years.

5 years	SE Tech. (SD)	U. of Ark.	Cal. Berkeley	Notre Dame
Cost of Education (40% increase)	\$14,980	\$24,021	\$35,431	\$68,642
H.R. 5684 Benefit (18% increase)	\$20,743	\$20,743	\$20,743	\$20,743
Difference	\$5,763	\$(3,278)	\$(14,688)	\$(47,899)
10 years	SE Tech. (SD)	U. of Ark.	Cal. Berkeley	Notre Dame
Cost of Education (82% increase)	\$19,501	\$31,270	\$46,124	\$89,357
H.R. 5684 Benefit (30% increase)	\$22,885	\$22,885	\$22,885	\$22,885
Difference	\$3,385	\$(8,385)	\$(23,238)	\$(66,472)

In ten years, we will be in the same situation we are right now where two-year universities will be the only type of education available to veterans who depend on their GI Bill benefits to pay for school. IAVA recommends linking yearly increases to education benefits to be based on the rising cost of education as tracked by the Department of Education and not on the Consumer Price Index as it is done now.

5. Conclusion

IAVA estimates that H.R. 5684 will cost approximately \$1.8 billion in FY2009. The chart below breaks down that approximation into cost estimates of each of the various new provisions.

New Education Benefits:	\$1.66 billion
Chapter 30:	\$1.47 billion
Chapter 1607:	\$189 million
Buy-in Adjustment:	\$112 million
150 Full Time Employees:	\$10 million
State Approving Agencies:	\$13 million
Increasing Fee/Veteran:	\$5 million
Work Study Program:	\$10 million

IAVA recommends that H.R. 5684 be amended to ensure that all public universities will be covered by these new education benefits. IAVA suggests that H.R. 5684

should accomplish this goal by creating an additional tuition payment, no less than \$6,185/yr., that is paid directly to the school. IAVA also recommends that H.R. 5684 is amended so that yearly increases are linked to the growing cost of education to ensure that this benefit will remain robust for the next generation of servicemembers.

II. H.R. 4883 Extension of Servicemember Civil Relief Act Homeowner Protections

This bill will extend the Servicemembers Civil Relief Act to provide for a limitation on the sale, foreclosure or seizure of property owned by a servicemember during the one-year period following the servicemember's period of military service. The current protection of 90 days from adversarial proceedings is inadequate for many returning veterans, especially while they are facing the daunting task of readjusting to civilian life. IAVA endorses this straight forward and helpful measure.

III. H.R. 4884 "The Helping Our Veterans to Keep Their Homes Act"

H.R. 4884 will allow veterans to refinance their home loans up to the full value of their residence or farm, limit fees for VA loan guarantees to only 1% of the total loan value, extend a series of demonstration projects, raise the overall "maximum guaranty amount", emplace yearly increases to the maximum loan guaranty based on the Consumer Price Index and require the Secretary of the VA to review the loan process for condominium purchases. Veterans, much like their civilian counterparts, are struggling to keep their homes and lives in tact even with foreclosure clouds hanging over this nation.

The provisions of this bill will allow veterans to refinance their home loans and take advantage of both lower interest rates and the security of VA's home loan guaranty. The increase to the "maximum guaranty amount" and the linking of this maximum to the CPI will ensure that veterans' home loans will continue to be a valuable benefit for generations to come. There does however appear to be a minor typo in section 2(e) of this bill. The bill should read "by striking 25 percent of and inserting '150 percent of.'" IAVA endorses this timely and important legislation.

IV. H.R. 4889 "The Guard and Reserves Are Fighting Too Act"

IAVA strongly endorses recodification of Chapter 1607, education benefits for Reservists who have served at least one active-duty deployment, from Title 10 to Title 38. Education benefits for these servicemembers should be considered a readjustment benefit and therefore should be administered by the Department of Veterans Affairs, not the Department of Defense. H.R. 4889 would recodify Chapter 1607 into Title 38, without making any substantial changes to the Chapter 1607 program. However, H.R. 4889 does not contain any of the amendments to Chapter 1607 contained in last year's National Defense Authorization Act. IAVA believes that H.R. 4889 must not only contain the provisions included in the NDAA, but also deal directly with two issues.

First, H.R. 4889 must clarify that Reserve and National Guard servicemembers deployed from or retiring into the Inactive Ready Reserve (IRR) are still entitled to portability of their education benefits after they separate from the military. This was the original intent of the legislation passed in the NDAA, but the Department of Veterans Affairs has interpreted the portability provision extremely narrowly, which has caused much angst and confusion among the veteran community.

Second, benefits for Reserve/National Guard servicemembers should be based on the cumulative length of their active-duty deployments and not on their single longest deployment. This fix would eliminate a glaring inequity faced by reservists serving multiple deployments. Currently Marine Reservists serving more frequent but shorter tours never qualify for the higher level of REAP benefits. The average Marine reservist has been deployed on multiple 9-month tours and therefore might have served 18 months of active-duty but still receive \$220/month less in educational benefits than an Army National Guardsman who served the same amount of active duty. IAVA strongly endorses modifying the current Chapter 1607 structure of benefits to be based on cumulative service and by adding intermediary qualification steps that increase the level of education benefits for every six months of service (see attachment).

IAVA can not endorse H.R. 4889, until the issues mentioned above are addressed.

V. H.R. 4539 “Department of Veterans Affairs Loan Guaranty Cost Reduction Act”

As stated above, IAVA is supportive of allowing veterans to refinance their home loans up to the full value of their residence or farm and raising the overall “maximum guaranty amount” which would be provided for in this bill. IAVA is also supportive of programs that reduce the closing cost of affordable homes.

IAVA is unable, however, to comment on the provision concerning “limitation on amount of fee” because the text of that section relies on a reference to a provision in the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) that appears to be completely unrelated to limitations on fees. IAVA is generally supportive of increases for loan guaranties for affordable housing, though we are curious why the veteran must be “first owner-occupant” to qualify for the benefit. Lastly, IAVA recommends that H.R. 4539 provide the Secretary of Veterans Affairs further guidance in establishing regulations concerning “maximum income amount[s]” that would determine eligibility for this program.

VI. H.R. 3646 Joint Employment Study

This bill will direct the Secretary of Veterans Affairs and the Secretary of Labor to conduct a joint study on the fields of employment for which the greatest need for employees exists in various geographic areas. IAVA only recommends that the findings of these studies be integrated in the Department of Veterans Affairs Transition Assistance Programs’ (TAP) presentations to separating active personnel and be sent to the pertinent National Guard and Reserve centers across the nation.

VII. H.R. 5664 Reviewing Adaptive Housing Plans & Specifications

H.R. 5664 directs the Secretary of Veterans Affairs to update at least once every six years the plans and specifications for specially adapted housing furnished to veterans by the Secretary. IAVA has no position on this bill.

VIII. H.R. 3798 “National Guard Employment Protection Act”

This bill will extend Uniformed Services Employment and Reemployment Rights Act (USERRA) protections to National Guard servicemembers who are “ordered to perform training or other duty” with or without their consent that is above and beyond the required normal one weekend a month and two weeks a year. USERRA provides meaningful protections for these citizen soldiers and should be extended to all forms of involuntary call-ups. IAVA strongly endorses this legislation.

IX. H.R. 3681 “Veterans Benefit Awareness Act”

H.R. 3681 will authorize the Secretary of Veterans Affairs to advertise in the national media to promote awareness of benefits administered by the Secretary. IAVA has testified many times that we believe that the VA is a passive system that waits for the veteran to ask for help. H.R. 3681 will allow the VA to reach out to many veterans across this country by advertising in the national media and alerting them that they are entitled to benefits. This provision is long overdue and IAVA emphatically endorses the Veterans Benefit Awareness Act.

X. H.R. 3393 “Reservist Access to Justice Act”

The Reservist Access to Justice Act will expand USERRA protections to apply to all federal, state and private employers. The purpose of USERRA was to encourage “noncareer service in the uniformed service by eliminating . . . disadvantages to civilian careers . . . minimiz[ing] disruption . . . by providing prompt reemployment [and] prohibit[ing] discrimination against” 38 U.S.C. 4301(a) (2007). IAVA believes that the federal government should be held to at least the same standard as the private sector when dealing with our service men and women.

This bill will set a minimum recovery for a successful USERRA claim. A veteran will receive compensation for either their lost wages and benefits or \$20,000, whichever is greater. Many veterans fail to pursue USERRA discrimination claims against their employers, because the prospects of a long legal fight with the possibility of a minuscule recovery leaves a veteran little reason to vindicate their rights. Furthermore, other forms of discrimination claims have similar recovery guidelines. Although IAVA is strongly supportive of this provision, we suggest that USERRA remedies adopt the Title VII tiered model that sets higher penalties for discrimination claims against larger employers.

H.R. 3393 will allow for punitive damages against employers whose discrimination against servicemembers is “done with malice or reckless indifference.” This provision would directly affect repeat offenders that continue to ignore USERRA protections even after the employer is made aware of the existence and relevance of these protections. This bill will also require courts to use their full equity powers, including injunctions, “to vindicate fully the rights and benefits of persons” protected under USERRA. This will allow courts to enjoin employers from firing an employee while a USERRA claim is being processed.

Lastly, the bill would definitely clarify that USERRA claims would be exempt from binding arbitration agreements, even in spite of recent court decision to the contrary. Congress had clearly intended to exempt USERRA complaints from binding arbitration agreements. The USERRA statute states, “In the case of an action against a private employer . . . the district courts of the United States shall have jurisdiction of the action.” USERRA also “supersedes any . . . contract, agreement, policy, plan, practice . . . that reduces, limits, or eliminates in any manner any right or benefit . . . including the establishment of additional prerequisites to the exercise of any such right or the receipt of any such benefit.” This very committee stated that USERRA claims are not to be preempted by binding arbitration in House Report 103–65. “It is the Committee’s intent that, even if a person protected under the Act resorts to arbitration, **any arbitration decision shall not be binding as a matter of law.**”

IAVA strongly endorses this H.R. 3393 “Reservist Access to Justice Act.”

XI. H.R. 3298 “21st Century Servicemembers Protection Act”

The “21st Century Servicemembers Protection Act” is a long over due overhaul of the Servicemember Civil Relief Act. Arguably the most important provision of this bill is the section that allows for the termination or suspension of service contracts made by a servicemember or on behalf of a servicemember.

While I was in Iraq, I was required to pay a monthly fee to my cell phone provider in order to keep my cell phone contract current. Even after paying 12 months of fees to Cingular wireless, when I returned home I was unable to get a replacement phone with my old number without paying a deposit of \$500. I spent five hours of my first day back from Iraq in the mall just trying to get my service restored. It took over 7 months for the whole issue to get resolved and it involved filing a complaint to the FCC and switching service providers.

IAVA is encouraged to see that this protection has been expanded to contracts made on behalf of a servicemember, because many servicemembers are sharing contracts with their families and therefore are being denied protections because they are not the “name on account.”

H.R. 3298 also creates a meaningful remedy for violations of the 6% interest cap provided for in section 207 of the Servicemember Civil Relief Act. Currently there is no penalty for a creditor who simply ignores this important protection. This bill would allow for the recovery of damages caused by higher interest rates and provide a penalty up to \$10,000 for creditors who willfully or negligently violate this protection.

IAVA strongly endorses this legislation. IAVA also recommends that H.R. 3298 adopt section 3 of the Veterans Education Tuition Support Act, H.R. 2910, which clarifies that student loans do qualify for the 6% interest rate cap.

XII. H.R. 3467 “Second Chance for America’s Veterans Act”

The “Second Chance for America’s Veterans Act” extends programs that provide counseling, job placement, healthcare and housing to veterans to help veterans in the transition from prison or mental institutions to the workforce. Based on the demonstration project called the Incarcerated Veterans Transition Program, this model has been shown to reduce veteran recidivism rates by 90%. IAVA supports the authorization and appropriation of \$15 million for this program.

XIII. H.R. 3889 Longitudinal Study of Vocation Rehabilitation Programs

H.R. 3889 would require the Secretary of Veterans Affairs to conduct a longitudinal study of the vocational rehabilitation programs administered by the Secretary. IAVA has no position on this bill.

Respectfully Submitted,

Patrick Campbell
Legislative Director
Iraq & Afghanistan Veterans of America (IAVA)

**Prepared Statement of Colonel Robert F. Norton, USA (Ret.),
Deputy Director, Government Relations,
Military Officers Association of America**

MADAM CHAIRWOMAN AND DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE, on behalf of the nearly 370,000 members of the Military Officers Association of America (MOAA), I am honored to have this opportunity to present the Association's views on various legislative proposals before the Subcommittee today.

MOAA does not receive any grants or contracts from the federal government.

STATEMENT

MOAA appreciates the work of this Subcommittee for holding a number of hearings in recent years on educational and other benefits legislative proposals that support our veterans' reintegration to civilian life following active military service.

This Statement offers our views and recommendations on a number of bills before the Subcommittee today that we believe are important to the needs of the military community and veterans.

H.R. 5684 (Rep. Herseth-Sandlin, D-SD, At Large). MOAA strongly supports H.R. 5684 and we are very grateful for the bipartisan support for the substantial MGIB upgrades in the bill. During a time of war, our service men and women deserve no less.

MOAA is particularly pleased that H.R. 5684 includes a number of longstanding MOAA priorities, including:

- Higher reimbursement rates that would cover at least the average cost of a public college/university education
- Extension of the post-service usage period to 15 years (from 10 years)
- Prohibition against counting MGIB benefits as income when applying for federal financial aid
- More flexible rules for the use of benefits—such as for licensing or certification prep courses and business-related courses
- An opportunity for currently serving members who declined to enroll in the MGIB to withdraw that decision and enroll in the program

MOAA is also grateful for the new monthly stipend provision of \$500 for full time study/training and \$250 for half-time study; and, for the bill provisions that would improve the capability of the VA Education Service to more efficiently and effectively administer GI Bill benefits.

A Coherent Approach to the New GI Bill

Over the course of a number of hearings before this Subcommittee and the full Committee, we have urged restructuring the MGIB to reflect the way our combined active duty and reserve forces team is used today to accomplish operational missions at home and overseas.

A "total force" approach to the MGIB essentially means that educational benefits should be structured according to the type and length of duty performed by our service men and women. It no longer makes sense to have multiple GI Bill programs that reflect Cold war policies and procedures.

Active duty service entrants earn benefits according to the duration of their initial service contract, usually two to four years.

Historically, National Guard and Reserve recruits received about 47–50 percent of the three-year active duty contract rate. That changed in the late 1990s. Reserve initial entry rates dropped to 29% of the active duty rate and have remained stagnant for the five long years of this war.

MOAA continues to urge that the Department of Defense restore the 47–50 percent ratio of the basic reserve MGIB with the active duty program. We are confident that would help sustain quality recruiting in this difficult recruiting period.

Alternatively, DoD and the Armed Services Committees should consider either converting the basic reserve MGIB program authorized under Chapter 1606, 10 U.S.C. to a service-funded "tuition assistance" program, or relinquishing jurisdiction to the Veterans Affairs Committees.

Operational Reserve Service Should be Included in H.R. 5684

The FY 2008 National Defense Authorization Act established readjustment benefits under Chapter 1607, 10 U.S.C. for operational reservists who serve on active duty on contingency operation orders. This change accomplished MOAA's and the

Partnership for Veterans' Education's top priority for the MGIB in 2007 and we are very grateful to Congress for it.

Two inequities, however, remain for operational reservists with respect to their GI Bill benefits. First, reservists are limited to crediting the single longest tour of active duty until they acquire 36 months of active duty service. Second, for those who do complete an aggregate of 36 months service, they are limited to 80% of the Chapter 30 MGIB rate—the two-year contract rate—instead of the 100% rate their 36 months of cumulative active duty service has earned them.

Since 9/11 more than 150,000 reservists have served multiple active duty tours. Some have already served 36 months active duty and thousands more will reach that level soon.

The only way for the Army to meet sustained deployment rotations under the newly announced 12 month tours for active Army soldiers is to increase reliance on National Guard brigade combat teams and other federal reserve force assets.

If you serve the nation on active duty in the war on terror, your GI Bill benefits should be equal for the same service performed.

MOAA strongly recommends that the Subcommittee amend H.R. 5684 to include an accrual provision that would authorize our Guard and Reserve warriors to earn active duty MGIB benefits as they serve up to a maximum of 36 months.

Other Legislative Proposals

MOAA respectfully recommends that the Subcommittee examine recently re-introduced Senate and House proposals, such as S. 22, in structuring a new GI Bill for today's service men and women. S. 22, for example, includes a reserve accrual authority discussed above, an innovative public-private partnership with independent colleges, a geographic housing allowance (an alternative approach to H.R. 5684's flat rate stipend), and an authority for Service Academy and ROTC Scholarship recipient graduate commissioned officers to enroll in the GI Bill in exchange for a service extension agreement.

During MOAA's legislative presentation before a joint hearing of the House and Senate Veterans Affairs Committees on 3 April 2008, we strongly endorsed Senate bill, S. 22, as reintroduced by Senator Jim Webb (D-VA) with original cosponsors Senators John Warner (R-VA), Frank Lautenberg (D-NJ) and Chuck Hagel (D-NE).

MOAA urged that

"the [House and Senate Veterans Affairs] Committees 'deconflict' the statutory authority for the MGIB in Chapter 30, 38 U.S.C. with the proposed new GI Bill for the 21st century, S. 22 (Revised). We believe desirable features in the MGIB should be incorporated into the proposed new Chapter 33, 38 U.S.C., or vice versa. To maintain two GI Bill program authorities at the same time will undoubtedly cause confusion and be difficult to administer."

In this regard, MOAA has no preference whether the most desirable features of H.R. 5684 and other pending GI Bill legislation should be incorporated into Chapter 30, 38 U.S.C. or in Chapter 33 (the proposed 'site' for S. 22). We strongly believe, however, that only one Chapter should be used to create a "total force" approach to the GI Bill for our 21st century warriors.

MOAA also respectfully requests the Subcommittee consider including two other initiatives in the final version of H.R. 5684.

VEAP 'Decliner' Enrollment. <20,000 servicemembers who declined to enroll in VEAP remain on active duty. This cohort has at least 22+ years service and most will retire in the near term.

VEAP Participants with zero-balance accounts were permitted to enroll in the MGIB in the late '90s if they agreed to pay \$2700—the out-of-pocket cost for a full VEAP account. Only 11% of that group agreed to pay the \$2700 fee to get into the MGIB. Consistent with this policy, it would not be unreasonable to expect VEAP Decliners still on active duty to pay \$2700 with a COLA-adjustment as a condition of MGIB enrollment. Based on the earlier VEAP-MGIB conversion, we estimate that the cost would be very low since only about 2200 (11%) would elect to enroll.

MOAA recommends the Subcommittee include a VEAP Decliner MGIB enrollment opportunity in Section 9—Opportunity to withdraw election not to enroll in educational assistance program—of H.R. 5684.

Surviving Spouses of Dual-Military Couples. The second initiative concerns certain surviving spouses of dual-military couples. There are cases in today's force

where a military surviving spouse of a military member who died in the line of duty is ineligible for the MGIB; e.g., Service Academy or SROTC Scholarship commissioned officers are ineligible for the MGIB. Under current law, the military surviving spouse is also denied use of Survivors and Dependents Educational Assistance (DEA) benefits while continuing to serve on active duty (See: Chapter 35, Section 3501(d), 38 U.S.C.).

MOAA recommends a law change to permit military surviving spouses who elect to remain on active duty but are ineligible for the MGIB to be authorized to use Chapter 35 DEA benefits while continuing to serve.

H.R. 4889, the Guard and Reserves Are Fighting Too Act of 2008 (Chairman Bob Filner, D-CA).

At a hearing before this Subcommittee on 17 January, in response to a question from Chairwoman Herseth-Sandlin, a senior DoD official stated that the Department of Defense no longer objected to the recodification of the Reserve Educational Assistance Program (REAP) in Title 38.

The FY 2008 National Defense Authorization Act (NDAA) established readjustment benefits for operational reservists entitled to REAP under Chapter 1607, 10 U.S.C. With the NDAA change, however, the DoD must “pay for” a veteran’s benefit—namely REAP readjustment benefits—for our National Guard and Reserve warriors following their separation from military service.

Under a “total force” approach to the GI Bill, active duty and reserve forces’ readjustment educational benefits should be overseen and administered under Title 38. (Basic reserve educational benefits for enlistment—Chapter 1606, 10 U.S.C.—have no readjustment purpose and could remain in Title 10 subject to the judgment of the House Armed Services and the Veterans Affairs Committees).

MOAA strongly agrees with the Department of Defense’s conclusion that the Chapter 1607 program no longer belongs in Title 10 since its purpose is to support veterans’ readjustment.

MOAA strongly recommends that H.R. 4889 be incorporated as an amendment to H.R. 5684 in full Committee markup of H.R. 5684.

Servicemembers Civil Relief Act (SCRA) Legislation

H.R. 3298, 21st Century Servicemembers Protection Act (Rep. Patrick J. Murphy, D-PA)

H.R. 3298 would amend the SCRA to allow individuals called to military service to terminate or suspend a service contract, after the date of entry into service or the date of the military orders, if: (1) the service contract (such as cellular phone, cable or satellite television service, Internet service, utilities or automobile insurance) is executed before the individual is called to service for a period of at least 90 days; or (2) the person enters into the contract while in military service and thereafter receives orders for a change of permanent station to a location outside the United States, or to deploy with a military unit for a period of at least 180 days.

H.R. 3298 would establish penalties against anyone who: (1) holds property or funds of a person in military service who lawfully terminates a contract; or (2) violates the 6% limit on interest rates charged to servicemembers during a period of military service.

MOAA strongly believes that military men and women called to defend our nation should not be penalized by steep termination fees for personal services contracts such as cell phone service, cable and satellite TV or Internet service. *MOAA strongly supports H.R. 3298.*

H.R. 4883 (Chairman Bob Filner, D-CA). H.R. 4883 would amend the SCRA by extending from 90 days to one year the limitation on the sale, foreclosure, or seizure of property owned by a servicemember following release from a period of active duty service.

In this particularly difficult “mortgage meltdown” environment, our nation’s defenders should be given every reasonable extension on their mortgage payment obligations upon return from active duty service. *MOAA strongly endorses H.R. 4883.*

Uniformed Services Employment and Reemployment Rights Act (USERRA)

H.R. 3393, Reservists Access to Justice Act of 2007 (Rep. Artur Davis, D-AL). H.R. 3393 would amend the USERRA by allowing a court, if it determines that a federal, state, or private employer’s failure to comply with a veteran’s reemployment rights was willful, to require the employer to pay the individual the greater of any loss of wages or benefits, or \$20,000. The bill would require—current law permits—a court to exercise injunctive relief to fully vindicate such rights.

H.R. 3393 also would authorize a court to require a state or private employer to pay punitive damages for violations found to be with malice or reckless indifference to the individual's federally protected reemployment rights. In addition, the bill would make federal arbitration procedures inapplicable to claims for veterans' employment and reemployment rights and benefits.

MOAA and our colleagues in The Military Coalition endorsed H.R. 3393 in a letter to Representative Davis on 3 October 2007 (copy enclosed with this Statement).

In addition to the protections proposed in H.R. 3393, MOAA also recommends the Subcommittee establish a single office in the government to be responsible for overseeing and tracking USERRA claims, whether formal or informal. MOAA addressed this issue in our legislative presentation before the House and Senate Veterans' Affairs Committees on 3 April:

"The routine activation of National Guard and reserve service men and women is a fact of life in today's world. Under 'operational reserve' policies, reservists can expect to be on active duty for at least one year of every five years they serve on inactive (drill) duty. But the reality in the war on terror is otherwise: over 150,000 Guard and Reserve members already have served multiple tours of active duty in the last five years and tours often stretch to 15 months or longer.

In this context, MOAA believes it's imperative to regularly review and update, as necessary, the laws, procedures and resources for ensuring the reemployment rights of reservists under the USERRA.

In its most recent Report, "Military Personnel: Federal Agencies Have Taken Actions to Address Servicemembers' Employment Rights, but a Single Entity Needs to Maintain Visibility to Improve Focus on Overall Program Results" (GAO-08-254T, 8 November 2007), the GAO noted that:

- No single agency is accountable for overseeing the USERRA complaint resolution process
- Required reports to Congress on USERRA complaints do not include informal complaints data from the Employer Support of the Guard and Reserve (ESGR) network of ombudsmen
- USERRA information outreach and servicemember reporting of employer information has improved
- The four Federal agencies responsible for USERRA complaints do not systematically track disability-related complaints. Disability-related complaints and other complaints are not distinguished

MOAA agrees with the GAO's recommendation that Congress should establish in law 'a single entity accountable for maintaining visibility over the entire USERRA complaint resolution process.' Support passage of H.R. 1632."

H.R. 3798, National Guard Employment Protection Act of 2007 (Rep. Robin Hayes, R-NC). H.R. 3798 would establish reemployment rights under the USERRA for certain National Guard service men and women called to active duty in their state under Title 32 to accomplish a mission requested by the Secretary of Defense.

This proposed change appears to conform with post-September 11, 2001 law-changes that authorize members of the National Guard to be ordered to state active duty under Title 32 at the request of the President or the Secretary of Defense to perform a homeland security or national security mission within the limits of a particular state. Although such duty is performed in the interest of the national security, Guard members currently are not authorized reemployment rights for performing such duty.

MOAA strongly recommends passage of H.R. 3798 to protect the reemployment rights of certain National Guard service men and women who are performing a national security mission while serving on state active duty under Title 32.

H.R. 4539, Dept. of Veterans Affairs Loan Guaranty Cost Reduction Act of 2007 (Rep. Steve Buyer, R-IN, Ranking Member, House Committee on Veterans' Affairs). H.R. 4539 is a bipartisan bill that would increase the maximum loan VA can guarantee to 125% of the Freddie Mac conforming limit (\$417,000 X 1.25); extend some of the loan fees to 2017 (as a PAYGO offset); add refinancing of VA loans to the conforming limit; reduce the equity needed for VA to guaranty a refinance to 0% from the current 10%; and, for other purposes. ***MOAA supports H.R. 4539.***

Conclusion

MOAA appreciates the opportunity to present our views on legislation that supports our service men women and veterans. We look forward to working with the Members of the Subcommittee to ensure that our 21st century warriors, including members of the National Guard and Reserve, and veterans receive the benefits that match their service and sacrifice during this time of war.

Prepared Statement of Hon. Charles S. Ciccolella, Assistant Secretary, Veterans' Employment and Training Service, U.S. Department of Labor

Chairman Herseth Sandlin, Ranking Member Boozman, and Members of the Committee.

I am pleased to appear before you today to discuss four bills introduced in the House of Representatives and referred to this Subcommittee for action.

H.R. 3646

H.R. 3646 mandates a study, to be conducted jointly by the Secretaries of Labor and Veterans' Affairs, "on the fields of employment for which the greatest need for employees exists in various geographic areas . . ."

The Department of Labor's (DOL) Bureau of Labor Statistics (BLS) develops ten-year National-level industry and employment projections and prepares and publishes career information based on those projections. Projections are done on a biennial basis; the most recent set, released in December 2007, covers 2006 to 2016. BLS provides the National projections data files through DOL's Employment and Training Administration (ETA) to state workforce agencies to use as a starting point for developing state and area projections. In addition, the states currently collect labor market information and share it with the Department of Veterans Affairs' (VA) Vocational Rehabilitation and Employment (VR&E) service to better assist disabled veterans in making an informed choice on the type of career they would like to pursue. This information is used to assure disabled veterans are not placed into education or training programs for jobs that are unavailable in the local economy.

The Department urges the Congress to fund the President's FY09 budget request for BLS so we and the states can continue to produce the occupational employment and wage information, and the national projections that underlie the state and area projections that VR&E and others who work with veterans are already using. We do not believe that the joint study that would be required if this bill became law would produce more or better data than the information described above, which is already available and used in the federally-funded workforce investment system to assist in matching veterans with good jobs and promising careers. Accordingly, the Department opposes this bill.

H.R. 3393

H.R. 3393 would make a number of significant changes to the enforcement and remedies provisions of USERRA. For example, the bill would give the court the discretion to award \$20,000 in liquidated damages if it finds that the employer willfully violated USERRA. In addition, it would authorize the court to award punitive damages, subject only to Constitutional limits, against State and private employers of 15 or more employees if the court determined that the violation was done with malice or reckless indifference to the service member's USERRA rights. States would also be required in USERRA cases to waive their sovereign immunity under the 11th amendment of the U.S. Constitution or otherwise.

In general, the Department supports efforts to strengthen the ability of service members to reclaim their civilian employment upon leaving military service. However, the Department cannot support this bill, as drafted, because it is concerned that the far-reaching provisions of this bill, particularly its provision for unlimited punitive damages, could have a chilling effect on employers' desire to hire service members. The provision requiring states to waive various rights would also deserve thorough debate.

H.R. 3798

The Department would like to work with the Subcommittee and the Department of Defense to further explore the intent of this proposed legislation. USERRA was intended to encourage noncareer service—as opposed to career service—in the uni-

formed services. The Department therefore is concerned that, as drafted, this legislation could extend USERRA protection to certain members of the National Guard well beyond the existing five-year limit on military service while working for a single employer.

H.R. 3467

H.R. 3467 would authorize the Department of Veterans Affairs to establish a workforce reentry program for fiscal years 2008–2011 at \$15 million per year. Additionally, the bill would: provide for a prisoner re-entry program for veterans in 24 locations across the country that would provide counseling and referral services, in addition to job training; vest the authority for this program with the Secretary of VA; make relevant state agencies, including state and local workforce investment boards, and non-profit organizations eligible to receive grants to provide services to incarcerated veterans; and require grantees to submit an evaluation of the program three years after receiving the grant.

The Administration supports the intent of the “Second Chance for America’s Veterans Act.” However, we would note that most of the services proposed under this legislation, which mirrors the recently concluded Incarcerated Veterans Transition Program (IVTP), could be provided through the Second Chance Act, which the President signed into law last week.

Among other things, the recently enacted Second Chance Act formally authorizes key features of the Prisoner Re-entry Initiative (PRI), which provides recently released ex-offenders—including veterans—the support and services they need to successfully reintegrate into mainstream society.

We fully recognize the promising early results of the Incarcerated Veterans Transition Program demonstration, and believe the lessons learned and best practices from that demonstration can be incorporated into the PRI. These lessons include: active collaboration with the Department of Veterans Affairs; pre-release counseling; veterans’ benefits counseling; coordination with other programs for housing and other assistance; and discharge upgrade consideration.

VETS will work closely with DOL’s Employment and Training Administration and with VA to assure that IVTP best practices are incorporated into the Prisoner Re-entry Initiative and that eligible veterans receive priority of service.

That concludes my statement and I would be happy to answer any questions.

Prepared Statement of Thomas L. Bush, Acting Deputy Assistant Secretary of Defense for Reserve Affairs, U.S. Department of Defense

and Statement of Curtis L. Gilroy, Ph.D., Director for Accession Policy, Military Personnel Policy, Office of the Under Secretary of Defense for Personnel and Readiness, U.S. Department of Defense

Introduction

Good afternoon Madam Chairwoman and Members of the Subcommittee. We are pleased to appear before you today, on behalf of the Department of Defense (DoD), to testify about pending legislation that affects programs available to active duty members, National Guard and Reserve members, and veterans. The pending bills that directly affect DoD are H.R. 4889, H.R. 5684, H.R. 3393, and H.R. 3798. The changes proposed in these bills will significantly alter the Montgomery GI Bill (MGIB) and the Reserve Educational Assistance Program (REAP), which provide educational assistance benefits to Active, Guard and Reserve members who have served in support of contingencies, and the impact of activation of members of the Reserve components on their employers.

Program Changes and Enhancements

For today’s hearing, you asked that we comment on several bills that would modify educational assistance programs, home loan programs, employer relations and support, and provisions of the Servicemembers’ Civil Relief Act. Our comments will focus on the implications of the proposals on military force management, specifically military recruiting and retention, and the relationship of the Department of Defense with the Nation’s businesses and employers of Service members. As for the amendments affecting the Servicemembers’ Civil Relief Act, H.R. 3798 and H.R. 4883, the Department is in general support of these bills. We will submit a separate views letter to address minor technical change recommendations.

We will defer to the Department of Veterans Affairs for those bills that impact programs under their purview, specifically H.R. 4884, H.R. 4539, H.R. 3889, H.R. 3681, H.R. 3646, H.R. 3467, and H.R. 5664.

Reserve Educational Assistance Program

The Reserve Educational Assistance Program (REAP) was developed to reward National Guard and Reserve members who served in support of a contingency operation and National Guard members who performed federally funded state duty at the request of the President or Secretary of Defense to respond to a national emergency, and to provide an incentive to continue to serve following a mobilization when pressure to separate may be strong. However, the retention aspect of REAP was lost with enactment of the National Defense Authorization Act for Fiscal Year 2008 (NDAA 2008) when Congress added the 10-year post-service eligibility provision to REAP.

H.R. 4889, the Guard and Reserves are Fighting Too Act of 2008, would eliminate the 10-year post-service eligibility thereby restoring the retention incentive and recodify chapter 1607 (REAP) of title 10, as a new chapter in title 38. This bill is substantively flawed. Although we support restoring REAP as a retention incentive, the bill would inappropriately move a reserve force management program to the Department of Veterans Affairs.

Second, H.R. 4889 would require the Secretary of Defense to transfer to the Secretary of Veterans Affairs the funds that are in the Department of Defense Education Benefits Fund. These are funds appropriated to the Department of Defense and programmed to be spent on the Department's reserve component retention incentive programs and should remain with DoD to fund what would be a restored DoD incentive program. The Department needs the dollars in the Education Benefits Fund programmed for REAP if this bill is enacted as drafted, or to fund other, alternative retention programs and additional recruiting efforts to make up for the losses in skilled manpower that will result from the FY 2008 NDAA revision of REAP.

For these reasons, the Department does not support H.R. 4889.

Veterans Educational Assistance Program

H.R. 5684, the Veterans Education Improvement Act of 2008 would make significant changes to Chapter 30, title 38, United States Code. As we have testified before, the Department does not believe that the basic structure of the Montgomery GI Bill is broken. However, we do recognize that some changes to the program would be advantageous. Since the administration and funding for the MGIB fall within the VA, we focus on only those aspects of the bill that would have an impact on military force management and defer to VA for other comments. There are some attractive features of this bill which we support, but we do have some concerns.

First, we regret that H.R. 5684 does not make changes to the existing transferability provision currently in section 3020, title 38, United States Code (U.S.C.). The Department's number one imperative with regard to the MGIB is opening up of the authority for the Service Secretaries to allow all career members the ability to transfer their unused education benefits to family members, consistent with strong messages from the field and fleet, and the President's specific request that was presented in his State of the Union Address. As a result, the Administration cannot support this bill in lieu of the Administration's transferability proposal, which will be transmitted shortly.

Second, research sponsored by the Department and conducted at Clemson University by the Lewin Group suggests that negative retention effects begin to intrude when the monthly benefit exceeds \$1,400 to \$1,500. Therefore, we are confident that this bill, as currently structured with a monthly benefit of \$1,950, would encourage untimely separation among many members who otherwise would have elected to remain in the military. In turn, this would demand new investments to hike retention incentives as a counterbalance. This challenge could be offset by targeting those who have completed at least six years of service—the timeframe recognized in current law (e.g., section 1174, title 1, U.S.C.) as the point at which special benefits would be required to recognize career oriented service members making a transition from the military. Six years should represent the minimum service period required to qualify for the expanded benefits available under H.R. 5684.

Section 2 of H.R. 5684 would increase the monthly educational benefit from the current \$1,101 to \$1,450 for those whose initial tour was three years or more. This benefit level is in line with the average cost of a four-year public education (tuition, fees, room, and board) as estimated using data from the Department of Education—a benchmark we believe would not negatively impact our force management programs. We support this provision.

Section 3 would extend the current 10-year delimiting period for MGIB usage to 15 years. This provision has no impact on military force management and is directly applicable to military veterans. We defer to the VA for comment relating to program and administration costs.

Section 4 would add a \$500 monthly educational stipend to the basic benefit for those pursuing an approved program of education on at least a half-time basis. While the basic benefit as proposed in this bill would cover the average tuition, fees, room, and board at a 4-year public institution, we recognize that students may have other expenses. The College Board has estimated that books, supplies, and personal expenses average just over \$2,200 per academic year, or about \$245 per month. If available only to new Service members who would elect a four or more year initial term of service, the Department could support a stipend at the \$245 level, as it would increase experienced man-years across the Department. As an example, even a modest increase in four or more year enlistments in the Army above the current 58% would have a significant positive effect on military readiness.

Section 5 would make changes to the way the current pay reduction required for enrollment is administered by extending the current reduction of \$100 per month for the first 12 months of service to \$50 per month for the first 24 months. In essence, this would be like a small pay raise for our most junior troops at a time they may most need it. Although there could be a first year decrement to the General Treasury of about \$90 million, in the second and subsequent years there should be no impact on treasury receipts. We would support this provision.

Section 8 would allow the use of MGIB benefits to repay federal student loans. Currently, new enlistees who receive college loan repayment under the provisions of Chapter 109, title 10, United States Code, are ineligible to use that period of service to qualify for the MGIB. This provision would allow young men and women the opportunity to serve and use their earned MGIB benefits for either pre-service education or post-service education, or a combination of the two. This provision would be very advantageous to those young men and women who choose to stop or drop out of college to serve their country, but who fully intend to continue their education either during or after service. We would support this increased flexibility in the use of educational benefits.

The Department is in general support of increasing flexibility in the use of MGIB benefits as specified in section 6, 7, and 9 through 19. However, we defer to the VA for comment as it affects their program, the costs and its administration.

Other Program Changes

H.R. 3393, the Reserve Access to Justice Act of 2007, would provide an additional Uniformed Services Employment and Reemployment Rights Act (USERRA) enforcement mechanism to the U.S. District Court, in the case of a civilian employer, or the U.S. Court of the Federal Circuit, in the case of a Federal employer, who willfully fails to comply with the provisions of USERRA. Under chapter 43 of title 38, U.S.C., as it would be amended by this bill, the court may require the employer to compensate the affected employee the greater of any loss of wages or benefits suffered by reason of the employer's failure to comply with USERRA or \$20,000, in addition to any other rights and benefits the employee may have. The court may also award punitive damages when the employer has 15 or more employees. Actions may also be brought against States as employers and State officials.

The Department is not aware of any data that would indicate a need for this legislation. On the contrary, we are concerned about the negative message its enactment may send to the Nation's employers. With over 630,000 RC members who have been activated, a large number of employers are affected by the temporary loss of an employee to military service and it is inevitable that some conflicts will arise even though reservists' employment rights are protected by law. To give perspective to the problems that have arisen, between September 11, 2001 and September 30, 2007, data show that 513,248 Guard and Reserve members were deactivated. During this timeframe, the Department of Labor received 6,606 cases filed by Reserve or Guard members. This represents less than 1.3% of the deactivated population. The Department believes USERRA is working well, and employers continue to support to their Reserve component employees.

We would rather reach out to employers and work with them to resolve problems, as we do through Employer Support for the Guard and Reserve organization. Therefore, we suggest the Congress not take this decisive action without compelling evidence of its need and certainty that it will not do more harm than good.

H.R. 3798, the National Guard Employment Protection Act of 2007, would amend USERRA to specify that the Secretary of Defense may designate service by a member of the National Guard in a state status under the provisions of section 502(f), title 32, U.S.C., as service that is exempt from the five-year cumulative serv-

ice limitation on USERRA protections. The Department supports the intent of this bill, but would like to work with the Subcommittee and DOL to further explore the intent of this legislation.

H.R. 3298, the 21st Century Servicemembers Protection Act, would amend the Servicemembers Civil Relief Act to allow individuals called to military service to terminate or suspend certain service contracts entered into before the individual receives notice of a permanent change of station or deployment orders and to provide penalties for violations of interest rate limitations. The Administration's position on this bill is under development and will be forwarded under separate cover.

Conclusion

Today, the volunteer military stands ready, willing, and able to defend our great nation, as well as its values and principles. Credit for our success in attracting and retaining high-quality people to serve in uniform belongs in large measure to the Congress and to your Committee for providing military members with the benefits embodied in the educational assistance programs. Few areas, if any, are more important to DoD than recruiting and retention. We recognize our duty to man the All-Volunteer Force with high-quality, motivated, and well-trained men and women. The MGIB education benefit has been a major contributor to recruiting achievements for our active forces and a major contributor to both recruiting and retention of our Guard and Reserve forces for more than 20 years and REAP has been an effective new retention tool for sustaining membership in the Selected Reserve as evidenced with more than 58,000 Reserve component members having used the this benefit during the three and a half since it was authorized. As we move through the 21st century, we must continue to build upon the remarkable legacy of the visionaries who crafted preceding versions and improvements in the GI Bill. I thank this Committee for its dedicated support to the men and women who currently serve, and those who have served, our great nation.

Prepared Statement of Keith Pedigo, Associate Deputy Under Secretary for Policy and Program Management, Veterans Benefits Administration, U.S. Department of Veterans Affairs

Madam Chairwoman and distinguished Members of the Subcommittee, I am pleased to be here today to discuss a number of bills that would affect several benefit programs administered by the Department of Veterans Affairs (VA). Accompanying me today is Mr. John Brizzi, Staff Attorney, Office of General Counsel. At the outset, I would note that several bills on the agenda affect programs or laws administered, respectively, by the Departments of Defense (DoD) and Labor (DOL). Accordingly, my testimony today does not address the following bills: H.R. 3298 and H.R. 4883 (Servicemembers Civil Relief Act amendments—DoD), and H.R. 3393 and H.R. 3798 (veterans' reemployment rights amendments—DOL). VA respectfully defers to the views of those Departments with regard to these bills.

Education Benefits

H.R. 5684

Madam Chairwoman, your bill, H.R. 5684, the "Veterans Education Improvement Act of 2008," contains numerous amendments to title 38, United States Code, that are intended to improve the basic educational assistance programs administered by VA.

If enacted, H.R. 5684 would accomplish the following:

- Increase the full-time 3-year benefit rate for the Montgomery GI Bill—Active Duty (MGIB-AD) to \$1,450 monthly and increase the full-time 2-year monthly benefit rate for MGIB-AD to \$1,250 for pursuit of approved programs of education for months beginning on or after January 1, 2009. The bill also states that the rate increases shall apply with respect to a payment of educational assistance for the month beginning after the date that is 90 days after the date of enactment of the Act.
- Extend the delimiting date for MGIB-AD from 10 years to 15 years, effective for an individual who is entitled to educational assistance 90 days after the date of enactment.
- Create a monthly stipend for those entitled to education benefits under MGIB-AD. Those who are in a program of education at an Institution of Higher Learning (IHL) at the half-time or more rate would receive a monthly stipend of \$500. Individuals in a program of education at an IHL at a less-than-half-time rate

would receive a stipend of \$250. This proposal would become effective 2 years after the date of enactment.

- Change the pay reduction for enrollment into MGIB-AD from \$100 for 12 months to \$50 over 24 months. This proposal would become effective 90 days after the date of enactment.
- Amend 38 U.S.C. §§ 3452(b) and § 3501(a)(5) to include business courses and seminars related to the operation of a business and continuing education courses, as approved programs of education. These changes would become effective 2 years after the date of enactment.
- Amend 38 U.S.C. §§ 3452(b) and § 3501(a)(5) to include preparatory courses for licensure or certification tests as approved programs of education. These changes would become effective 2 years after the date of enactment.
- Allow an individual with entitlement to MGIB-AD to use his or her benefit to repay federal student loans accrued under title IV of the Higher Education Act 1965. The individual would have to be on active duty when the loan is repaid and the payment could not exceed \$6,000 over a 12-month period. Payments would be made on a monthly basis and the payment of educational assistance could not exceed the individual's amount of entitlement. These changes would become effective 2 years after the date of enactment.
- Allow an individual who previously elected not to enroll in MGIB-AD to enroll in the program as long as the individual is on active duty and his or her pay is reduced or the individual otherwise pays \$1,200 no later than 90 days after discharge. This section would apply to individuals who serve 2 years on active duty and 4 years in the Selected Reserves. These changes would become effective 90 days after the date of enactment and would apply to individuals serving on active duty on the date of enactment.
- Amend 20 U.S.C. § 1087vv(j) to provide that the receipt of MGIB-AD educational assistance shall not be considered as part of the Expected Family Contribution calculation for federal financial aid. Thus, federal financial aid would be calculated as if an individual is not in receipt of MGIB-AD benefits.
- Extend to January 1, 2014, the on-the-job and apprenticeship training program benefit rate increases that expired on January 1, 2008. This provision would become effective 90 days after the date of enactment.
- Amend 38 U.S.C. § 3674(a)(4) to set funding for State Approving Agencies at no more than \$19 million per fiscal year. This amendment would become effective on the date of enactment.
- Allow individuals separated with a general discharge (under honorable conditions) to be eligible to receive MGIB-AD. This amendment would become effective for individuals who are discharged on or after 90 days following the date of enactment.
- Increase annual reporting fee amounts in 38 U.S.C. § 3684 from \$7 to \$21, and \$11 to \$21, respectively. This amendment would become effective 90 days after the date of enactment.
- Expand the work-study program to include students attending a program of education at the half-time or more rates. This amendment would become effective 90 days after the date of enactment.
- Create a pilot work-study program that would expand work-study positions at educational institutions. Examples of some eligible positions would include tutors, lab assistants, and positions in campus orientation. The Secretary would be required to prescribe regulations to carry out the program and to provide for the supervision of the work-study positions. An amount of \$10 million would be authorized to be appropriated for each of fiscal years 2009 through 2012 to carry out the purpose of this provision. This provision would become effective on the date of enactment.
- Require the Secretary to increase the number of full-time equivalent employees (FTE) for the Education Service business line in the Veterans Business Administration by 150 additional employees. This provision would become effective on the date of enactment.
- Require VA's Director of Education Service and VA's General Information Officer to submit to the Committees on Veterans' Affairs of the Senate and the House of Representatives an action plan describing how VA intends to upgrade the information technology (IT) system used to administer education benefits. VA would be required to update the Committees annually on any progress made in upgrading the systems. The bill would authorize the appropriation of \$8 million for fiscal year 2009 and \$3 million for each of fiscal years 2010 through 2012. This provision would become effective on the date of enactment.
- Amend 38 U.S.C. § 3680(d)(2) to charge entitlement for an advanced payment against the final month of the individual's entitlement. An individual would be

limited to one advance payment per academic year. This provision would be effective 90 days after the date of enactment.

We estimate that enactment of H.R. 5684 would result in direct costs to VA of \$595 million during the first year, \$8.6 billion for 5 years, and \$22.3 billion over 10 years. VA cannot support this legislation without identified offsets for these costs.

Furthermore, as noted in the State of the Union address, the President is committed to expanding MGIB to include transferability of benefits from servicemembers to their spouses and children. The Administration's first priority is to transfer the benefit to family members of those committed to a career in service, an initiative our senior uniformed leaders enthusiastically support and one that is more supportive of the current makeup and retention of the all-volunteer force. VA defers to DoD on how the various legislative proposals will affect DoD's ability to recruit and retain the all-volunteer force. As a result, VA cannot support this bill in lieu of the Administration's transferability proposal, which will be transmitted shortly.

We offer the following comments on how the several provisions of H.R. 5684 would affect program implementation:

- Section 2 of the bill appears to have conflicting effective date provisions. While this section would, in section 2(a), amend 38 U.S.C. §§ 3015(a)(1)(A) and (b)(1)(A) to reflect higher rates for full-time MGIB-AD pursuit for months beginning on or after January 1, 2009, it also provides, in subsection 2(b), that the benefit rate increases shall be effective with respect to payments of educational assistance for months beginning after the date that is 90 days after the date of enactment. To avoid this conflict, we recommend simply making the amendments to 38 U.S.C. § 3015, as proposed in section 2(a) of the bill, effective on the date of enactment of the Act.
- Section 4 of the bill would establish a stipend for individuals receiving MGIB-AD; however it does not indicate whether VA should pay an individual the full stipend amount versus a prorated amount when he or she attends school for a partial month versus a whole month.
- Section 6 would include business courses and seminars as approved programs of education. This is problematic because an individual attending a 2-day business seminar under the proposed full-time MGIB-AD rate (\$1,450) would only be entitled to \$96.66, well short of the amount necessary to cover the cost of most business seminars. VA believes the more advantageous way to pay for seminars (and charge entitlement) would be similar to the way that VA administers payment for Licensure or Certification tests. If we were to administer this in the same way we administer payments for Licensure or Certification tests, an individual would be refunded the cost of the seminar (up to \$2,000) and his or her entitlement would be charged by dividing the amount of the seminar payment by the applicable full-time rate.
- The provision added by section 8 that would allow an individual with entitlement to MGIB-AD to use his or her benefit to repay a federal loan accrued under title IV of the Higher Education Act of 1995 might be read to permit a borrower to repay a PLUS loan that he or she obtained for a child's education as well as a loan for the borrower's education. Accordingly, we believe this provision should be clarified.
- The amendment in section 10 of the bill to 20 U.S.C. § 1087vv(j) to provide that the receipt of MGIB-AD educational assistance shall not be counted as part of the Expected Family Contribution for federal financial aid likely would increase federal student loan amounts for MGIB-AD recipients and could result in additional subsidy costs to be paid by the Department of Education.
- The language in section 11(a) of the bill is not complete. That subsection states that "Subsection (c) of such section is amended. . . ." However, the applicable section of law is not identified. Based on our review of the other provisions in section 11, we believe the intended reference is to section 103(c) of the "Veterans Earn and Learn Act of 2004," Pub. L. No. 108-454, 38 U.S.C. § 3032 note.
- Section 12 would authorize reimbursement from VA's readjustment benefits account to state approving agencies (SAAs) for certain expenses incurred in the administration of VA education benefit programs, not to exceed \$19 million in any year. VA supports section 12 subject to identified offsets. The current funding amount is limited to \$13 million. For FY 2008, the Omnibus Appropriations bill (P.L. 110-161) made available an additional \$6 million from General Operating Expenses for these reimbursements. However, without relief for future years, we anticipate that funding at the reduced level would cause SAAs to reduce staffing proportionately, severely curtail travel and outreach activities, and perform fewer approval/supervisory duties under their VA contracts. Some

SAAAs might decline to contract with VA altogether, requiring that VA employees assume their duties.

- Section 16 of the bill would establish a 5-year work-study pilot program that would be effective on the date of enactment. Because VA would need to promulgate regulations to implement this provision, we recommend making this provision effective at a later date. We also note that section 16 authorizes appropriated dollars for only 4 fiscal years of the 5-year pilot program.
- Section 17 of the bill would require the Secretary to increase the number of employees of the Education Service by 150 additional employees. VA does not support this section because it inappropriately directs internal staffing decisions made by the Secretary. The Education Service staffing level provided for in the FY 2009 President's Budget already enables us to improve timeliness and accuracy of claim processing, reducing the average days to process original education claims from 32 in 2007 to 19, and the average days to process supplemental claims from 13 to 10.
- The intent and desired outcome of the provisions in section 19 are unclear. Generally, an individual is entitled to 36 months of educational assistance. On average, an eligible individual uses 17 months of this entitlement before his or her eligibility period expires. If an individual were to receive an advance payment equal to 1.5 months of his or her entitlement, VA would charge 1.5 months against the 36 months. The individual would then have 34.5 months of benefits remaining. Regardless of when VA assesses entitlement charge, the result will be the same—the individual will have used 1.5 months of entitlement and have 34.5 months of entitlement remaining.

H.R. 4889

Madam Chairwoman, H.R. 4889, the "Guard and Reserves Are Fighting Too Act of 2008," proposes to recodify the statutory provisions of chapter 1607 of title 10, United States Code (Educational Assistance for Reserve Component Members Supporting Contingency Operations and Certain Other Operations (REAP)), in a new chapter 33 of title 38, United States Code. Under current law, educational assistance under a program established under the authority of 10 U.S.C. § 16162 is paid to entitled servicemembers by the Education Benefits Fund at the Department of Defense (DoD) through the Secretary of Veterans Affairs.

VA does not support H.R. 4889. This bill would inappropriately place a reserve force management program under VA rather than the DoD where it currently resides. Additionally, the current funding structure for the REAP program is sound budget and programmatic policy because it helps ensure policymakers fully consider the cost of promised future benefits when making personnel and benefit decisions. We also note that several sections of H.R. 4889 would need to be amended to align the proposed chapter 33 codification with REAP as it currently exists in title 10.

Finally, we cannot support this proposal without identified offsets for the additional \$1.2 billion in direct benefit net costs that VA would bear over the next 10 years. Since the effective date for this bill would be October 1, 2009, there is no funding impact in fiscal year 2009. While VA funding needs would increase by \$183.2 million in FY 2010, \$718.9 million over 5 years, and nearly \$1.6 billion over 10 years, the anticipated transfers from DoD's Education Benefit Trust Fund (EBTF) totaling approximately \$383.2 million, partially offset VA's appropriation requests for the Readjustment Benefit (RB) account. The initial transfer from EBTF of \$183.2 million covers the entire FY 2010 resource requirement; therefore the VA RB appropriation for FY 2010 would not be affected. A subsequent transfer of approximately \$200 million from the EBTF to the RB account, results in a net increase of \$335.7 million over 5 years, and nearly \$1.2 billion over 10 years in VA's RB appropriation request. Because VA currently administers the REAP benefit for DoD, the administrative or staffing impacts of H.R. 4889 would be minimal/negligible.

Vocational Rehabilitation

H.R. 3467

H.R. 3467, the "Second Chance for Veterans Act," would establish a grant program for referral and counseling services to assist at-risk veterans transitioning from institutional living into the workplace. The bill is intended to reduce recidivism, increase employment, and assist these veterans in locating permanent housing.

The Administration supports the intent of the bill. However, we would note that most of the services proposed under this legislation, which mirrors the recently con-

cluded Incarcerated Veterans Transition Program (IVTP), could be provided through the Second Chance Act, which the President signed into law last week.

Among other things, the Second Chance Act formally authorizes key features of the Prisoner Re-entry Initiative (PRI), which provides recently released ex-offenders—including veterans—the support and services they need to successfully reintegrate into mainstream society.

H.R. 3646

Madam Chairwoman, H.R. 3646 would direct the Secretaries of Veterans Affairs and Labor to conduct a joint study, with annual updates, on the fields of employment for which the greatest need for employees exists in various geographic regions, as determined by the Secretaries. The bill would also require the Secretary of Veterans Affairs to make the findings of the study (with the annual updates) available on VA's Internet website. We defer to DOL on this issue. VA does not support H.R. 3646.

H.R. 3889

H.R. 3889 would amend chapter 31 of title 38, United States Code, by adding a new section 3122 to require VA to conduct a 20-year longitudinal study of a statistically valid sample of the veterans who begin participating in a program of vocational rehabilitation under that chapter during fiscal year 2008.

The annual report would include any data necessary to determine the long-term outcomes of those veterans included in the study. Data elements could be added as necessary, but the report would contain at least the following information collected during the year covered by the report:

- Number of veterans who suspended participation
- Number of months veterans served on active duty
- Average disability rating
- Types of other VA benefits received
- Types of Social Security benefits received
- Unemployment benefits received
- Average number of months veterans were employed
- Starting and ending salaries of veterans
- Number of veterans enrolled in institutions of higher learning
- Average number of college credits and degrees obtained
- Average number of visits to VA medical facilities
- Average number of visits to non-VA medical facilities
- Average total household income
- Percentage of veterans who own their principal residences
- Average number of dependents.

VA supports efforts to determine the long-term outcomes of the veterans participating in vocational rehabilitation programs under chapter 31 of title 38, United States Code. However, since VR&E is currently developing a proposal to conduct its own long-term study of issues affecting program outcomes, we do not support H.R. 3889 because it duplicates efforts the Department is already taking. We also cite additional concerns with provisions of H.R. 3889 as outlined below:

- **Effective Date**—The bill would be effective on the date of enactment and would require data collection on veterans who began participation during fiscal year 2008. VA would need to attempt to retroactively collect data on veterans who began participation from October 1, 2007, to September 30, 2008. Some of the required data may only be available by self-report. Self-reporting of events that occurred more than 6 months in the past could be unreliable. Some veterans may have begun and dropped out of the program by the time the bill is enacted into law; therefore, it may not be possible to obtain the cooperation needed for self-reporting in some cases. VA is currently conducting a study of those veterans who dropped out of the program before completion. That study should be available soon, and we will make it available to the Committee.
- **Single Cohort**—The bill requires only a single cohort of veterans to be followed during this study—those veterans who began participation in a vocational rehabilitation program during fiscal year 2008. Concerns regarding data collection on this cohort have been expressed. Moving the initial cohort to the fiscal year following enactment of the bill into law and adding additional cohorts would permit more reliable data collection and increase the validity of the results of the study. We recommend following participants who entered a program during the first, third, and fifth years following enactment of the bill into law.
- **Identification of Participants**—Participants in vocational rehabilitation programs under chapter 31 include veterans and servicemembers. The bill identi-

fies only veterans as subjects of this study. We believe servicemembers should also be included.

- Funding—H.R. 3889 does not contain provisions to fund VA for the additional general operating expenses required to administer this program.
- Data Collection—Designation of the initial cohort should not occur before the coordination of all methods of data collection is in place. For data elements that are only available through self-report, VA may be required to obtain approval from the Office of Management and Budget for any collection instrument developed for this study.
- Required Reporting Elements—
 - Unemployment Benefits, Number of Months Employed, and Salary: Several states will not provide this information to VA due to privacy concerns. Self-report of this information may not be reliable.
 - Visits to Non-VA Medical Facilities, Total Household Income, Owning Principal Residence: This information would be obtained by self-report and may not be reliable.

We estimate that enactment of H.R. 3889 would result in a cost of approximately \$11 million over the 20-year duration of the study, beginning in fiscal year 2009.

Housing

H.R. 4539

H.R. 4539, the “Department of Veterans Affairs Loan Guaranty Cost Reduction Act of 2007,” would amend title 38, United States Code, to make several key changes to the home loan guaranty benefit veterans currently enjoy. While we do not object to certain provisions of this bill, we would not support its enactment in its present form.

The bill would amend the maximum guaranty entitlement available to veterans for purchase, construction and refinancing loans. Currently the maximum guaranty amount is 25 percent of the Freddie Mac conforming loan limitation, for a single family home, as adjusted annually. This means that the *current* VA maximum guaranty is \$104,250 on a no-downpayment loan of \$417,000. In high cost areas, defined by Freddie Mac as Alaska, Guam, Hawaii, and the Virgin Islands, the maximum guaranty amount is \$156,375 on a no-downpayment loan of \$625,500.

H.R. 4539 would increase the maximum guaranty amount so that it would be equal to 25 percent of 125 percent of the Freddie Mac conforming loan limit. Because lenders generally accept the 25 percent guaranty in lieu of a downpayment, an increase to the maximum guaranty translates into more purchasing power for veterans.

Two proposals in H.R. 4539 would make changes to the VA funding fee. First, the statutory funding fees would be extended to October 1, 2017. Second, the funding fee would be capped so that the highest funding fee a veteran would pay would be based on the Freddie Mac conforming loan limitation in effect on the date of enactment, not necessarily the limitation in effect at the time of loan origination. For example, if this bill were enacted today, a veteran obtaining a \$450,000 loan in January of 2009 would pay a funding fee based on today’s Freddie Mac loan limitation of \$417,000.

Funding fee collections are used to offset the costs of paying claims and other expenses incurred by the Department as part of providing the home loan benefit to veterans. VA opposes capping the funding fee based on the current conforming loan limitation. H.R. 4539 would increase the maximum amount of a VA housing loan guarantee by 25 percent; VA would need to increase the funding fee to offset additional costs (or reduced savings) associated with this increase.

H.R. 4539 would also increase the maximum guaranty amount for certain refinance loans, sometimes referred to as “regular” refinances, while eliminating the existing equity requirement. Currently, the law limits VA’s guaranty of regular refinance loans to \$144,000, and limits the size of these loans to 90 percent of the value of the security for the loan. This means that a veteran who has no equity in his or her home is able to obtain a regular VA refinance loan for only 90 percent of the home’s appraised value, and the maximum loan he or she may effectively borrow is \$144,000. The statutory changes proposed in H.R. 4539 would provide many veterans who obtained conventional or subprime mortgages with an avenue to refinance into a VA guaranteed home loan. However, borrowers with higher loan-to-value (LTV) ratios have a higher incidence of default than otherwise comparable borrowers. Removing the 90 percent LTV cap on VA “regular” refinances would therefore introduce additional risk and cost to the VA guaranteed housing loan portfolio.

H.R. 4539 further would increase the guaranty available to a veteran whose income “is below a maximum income amount” (as determined by the Secretary) for purposes of purchasing “affordable housing”. Additionally, VA would be required to use \$14 million of the Veterans Housing Benefit Program Fund to reduce closing costs for VA guaranteed home loans for affordable homes. We cannot support either of these proposals. First, VA lacks the requisite expertise, staffing, and statutory mandate to address the myriad issues involved in affordable housing programs. Additionally, administering the closing-cost provision of this bill would be difficult at best, given the fixed amount of money available for the assistance. We also note that \$14 million over 10 years (\$1.4 million each year) would yield an insignificant amount of assistance to veterans. If we estimate that 20 percent of last year’s 130,000 loans were made to “low-income” veterans for purchase of “affordable housing,” each of those 26,000 veterans would receive only \$53 in closing-cost assistance.

Finally, we would like to point out two technical problems in the bill as it is drafted. First, section 2(b)(1) refers to a non-existent 38 U.S.C. § 3729(b)(2)(C)(iii). We believe the correct citation should be to section 3729(b)(2)(C)(ii). Second, we believe that section 2(g)(2) of the bill would create a statutory inconsistency within the Veterans Housing Benefit Program Fund. Currently, the Veterans Housing Benefit Program Fund expressly precludes loans made pursuant to the Native American Direct Loan Program. Therefore, by referring to 38 U.S.C. § 3762 (the Native American Direct Loan Program), the proposed change seems to conflict with existing 38 U.S.C. § 3722(e).

VA estimates that H.R. 4539 would result in a cost savings of \$1.24 million in fiscal year 2008, \$237.7 million by fiscal year 2013, and \$1.8 billion over 10 years.

H.R. 4884

H.R. 4884, the “Helping our Veterans to Keep Their Homes Act of 2008,” contains a number of proposals similar to provisions contained in H.R. 4539. While we do not object to certain provisions of this bill, we would not support enactment in its present form for the following reasons:

Section 2(a) of H.R. 4884 proposes to eliminate the equity requirement for regular refinance loans. As discussed earlier, elimination of the current requirement for a 10 percent equity position would provide veterans who obtained conventional or subprime loans an avenue to refinance into a VA home loan, but would also increase risk and cost in the VA guaranteed home loan portfolio.

Section 2(b) of H.R. 4884 would make the VA funding fee a flat 1 percent of the total loan amount. Under current provisions found in 38 U.S.C. § 3729(b), the funding fee ranges from 0.05 percent on a rate reduction loan, up to 3.30 percent of the loan amount for no-downpayment loans to veterans who have had more than one VA guaranteed loan (not counting a rate reduction loan).

Funding fee collections are used to offset the costs of paying claims and other expenses incurred by the Department as part of providing the home loan benefit to veterans. The current fee structure on VA guaranteed housing loans appropriately targets the highest fees to the highest risk loans. VA opposes changes to its fee structure that would encourage risky borrowing practices by lowering fees on the riskiest kinds of loans. Such changes would also likely result in additional cost to VA.

Subsections 2(c) and 2(d) of H.R. 4884 would extend VA’s authority to conduct its demonstration projects on adjustable rate mortgages (ARMs) and hybrid ARMs, as VA’s authority to offer these options to veterans expires in fiscal year 2008. Since the inception of this project, VA has guaranteed over 227,000 ARMs and hybrid ARMs, making up approximately 11 percent of VA’s business.

At this time, we do not object to making the provisions of 38 U.S.C. §§ 3707 and 3707A permanent, provided Congress identifies offsets for the increased direct spending.

H.R. 4884 also proposes an increase in the maximum guaranty amount. This provision is similar to that contained in H.R. 4539. However, H.R. 4884 would increase the maximum guaranty amount to 25 percent of 150 percent of the Freddie Mac conforming loan limit (CLL), which would enable veterans to purchase homes in more costly areas.

Section 2(f) of H.R. 4884 would provide for an annual increase in the amount of guaranty by applying the 12-month increase in the Consumer Price Index for Urban Consumers (CPI-U). This provision, as drafted, would conflict with the current method for increasing the maximum guaranty—the statutory tie to the Freddie Mac conforming loan limit. As such, we cannot support this proposal as drafted.

Finally, section 2(g) of this bill calls on the Department to review and streamline the process of guaranteeing loans obtained in conjunction with the purchase of condominiums. We agree that it is appropriate to conduct such a review and have al-

ready begun the process by reviewing our existing regulatory requirements regarding condominiums.

VA estimates that H.R. 4884 would result in a cost savings of \$8.1 million in fiscal year 2008, but would cost the government \$168.7 million by fiscal year 2013, and \$1.93 billion over 10 years.

H.R. 5664

H.R. 5664 would amend 38 U.S.C. § 2103 to require that the Secretary update VA's plans and specifications for suitable adapted housing at least once every 6 years. VA does not support enactment of this bill.

Currently, section 2103 authorizes the Secretary to furnish, without cost, model plans and specifications of suitable housing units to eligible veterans. VA does this by providing our Handbook for Design: Specially Adapted Housing (VA Pamphlet 26-13) to all veterans who are eligible for Specially Adapted Housing (SAH) assistance. This handbook is intended to educate the veteran and his or her family on the types of adaptations that may improve the safety of the home, as well as increasing the veteran's independence. In addition, VA hopes to increase the architect's sensitivity to the needs of severely injured veterans and stimulate awareness of the design challenges he or she may face during the planning stage. On a practical level, this handbook provides model design assistance to our severely injured veteran population, as well as their architects to assist them in developing construction plans to provide the best possible homes for these veterans.

We agree that it is important to maintain models that are current and that incorporate new technologies as they become available. VA believes this type of guidance should be kept modern and up-to-date in order to provide the most beneficial assistance to this special population of veterans. As such, we are now in the process of updating the current handbook, and we would anticipate updating it every 3 or 4 years, or more frequently, as industry or veterans' needs require. We do not believe legislation is required to ensure that this handbook is updated and, therefore, do not support H.R. 5664.

VA anticipates no costs associated with enactment of this provision during the first 5 years, but we estimate a cost of \$122,000 over 10 years.

Outreach

H.R. 3681

H.R. 3681, the "Veterans Benefits Awareness Act of 2007," would add a new section 532 to title 38, United States Code, to authorize the Secretary of Veterans Affairs to purchase advertising in national media outlets for the purpose of promoting awareness of benefits under laws administered by the Secretary. Madam Chairwoman, we do not believe enactment of this bill is needed. Current law provides sufficient authority for the Secretary to purchase such advertising, as appropriate. Therefore, we do not support enactment of this bill.

Madam Chairwoman, this concludes my testimony. I would be pleased to respond to any questions you or other Members of the Subcommittee may have.

CTIA, The Wireless Association
Washington, DC.
April 14, 2008

Rep. Stephanie Herseth Sandlin, Chairwoman
Rep. John Boozman, Ranking Member
House Veterans' Affairs
Subcommittee on Economic Opportunity
335 Cannon House Office Building
Washington, D.C. 20515

Re: H.R. 3298

Dear Chairwoman Herseth Sandlin and Ranking Member Boozman:

On behalf of the members of CTIA—The Wireless Association® ("CTIA"), I am writing to share the wireless industry's views on H.R. 3298, the "21st Century Servicemembers Protection Act." I respectfully request that this letter be included in the record of the Subcommittee on Economic Opportunity's April 16 hearing on H.R. 3298.

CTIA commends the Committee for its attention to this issue, and we thank the bill's sponsor, Representative Patrick Murphy, for his and his staff's willingness to work with the wireless industry to improve the legislation.

CTIA's service provider members, as a matter of corporate policy, permit members of the U.S. armed forces facing deployment to terminate service without penalty. Additionally, many carriers (including the six largest, representing nearly 93 percent of "post-paid" consumers) have policies regarding contract suspension which offer the affected consumer an opportunity to stop service and reserve his or her existing telephone number for a set period of time. CTIA therefore does not oppose Representative Murphy's proposal to amend Title III of the Servicemembers Civil Relief Act ("SCRA") to allow a servicemember to terminate his or her contract for wireless service upon either receipt of military orders for a deployment of more than 90 days or a change in permanent station to a location where service covered by the contract is not supported.

Rep. Murphy's proposed amendment in the Nature of a Substitute (dated December 19, 2007) includes a number of improvements over the introduced version of H.R. 3298. Nonetheless, there are several provisions of the bill that still could be improved, and these are detailed below.

Covered Contracts: The amendments to the SCRA proposed by H.R. 3298 are intended to cover contracts for "cellular phone service." Because "cellular phone service" is not defined in either H.R. 3298 or the Communications Act 1934, as amended, CTIA recommends striking the term and replacing it with "commercial mobile radio service" as such term is defined by section 332(d) of the Communications Act 1934 (47 U.S.C. 332(d)).

Preservation of Existing Carrier Military Service Suspension Programs: In response to the needs of military personnel facing deployment, many carriers have implemented service suspension programs that allow individual consumers to place their account(s) on "hold" status for between 12 and 24 months, depending on the carrier. The suspension process generally allows consumers to reserve their existing wireless telephone number(s) without incurring any monthly or other recurring fees, and for many customers it offers an attractive option short of contract termination. Because the Murphy bill is silent on how suspension would work in any particular context, and since neither the bill nor the SCRA's definitions section define "suspend" or "suspension," it is unclear whether existing carrier suspension programs would continue to be permissible or require modification. Since efforts to define these terms or otherwise conform existing carrier suspension programs to a government-imposed standard could upset these pro-consumer carrier practices, CTIA recommends that the scope of the bill be narrowed to exclude all references to "suspend" or "suspension."

Arrearages and Refunds: The vast majority of the more than 255 million wireless subscribers in the United States purchase service on a "post-paid" (as opposed to "pre-paid") basis, and nearly all "post-paid" consumers subscribe to flat-rate "bucket" plans that allow them to use a fixed number of minutes per billing cycle for a flat fee. These flat fee plans have been an overwhelming consumer and competitive success and allow consumers a broad choice of plans to suit their widely varying calling needs. These plans do not make any distinction regarding whether the consumer uses all of the covered minutes on the first day or last day of the billing cycle, or whether the consumer distributes the minutes equally over all days covered in a particular billing cycle, and carriers employing this business model do not pro-rate a flat fee if a customer deactivates service in the middle of a billing cycle. Accommodating a pro-rating requirement would require an industrywide expenditure of millions of dollars for billing system modification and customer care retraining. Because of the magnitude of the compliance costs associated with this type of pro-rating, CTIA recommends that the first sentence in the proposed 308(e) be expanded by adding at the end "except that any such unpaid amounts shall be due in full for any contract period in which the servicemember utilized the service if the contract provides for service on a flat rate basis."

Penalties: CTIA remains concerned that the penalty provisions included in the proposed 308(h)(1) have the potential to be unreasonable in relation to the size of any harm that could accrue to a servicemember should a carrier representative fail to terminate a contract appropriately. While CTIA's members have individual corporate policies that provide for contract termination without penalty when a servicemember provides appropriate deployment orders, mistakes can happen. In the event of such a mistake, the limit of any customer harm is the imposition of an early termination fee, which generally is less than \$200 (and increasingly is being pro-rated so as to decline across the term of the contract). Given this, and the equitable relief

provisions in the proposed 308(i), the penalty provisions in the bill should be clarified and narrowed to cap fines at no more than \$5,000. Additionally, CTIA asks that the legislative history accompanying the bill clarify that fines at that level should only be levied in cases where there is knowing and repeated violation of the law.

The wireless industry recognizes the dedication of members of the U.S. armed forces and is pleased to work toward enactment of appropriate Federal legislation to benefit servicemen and servicewomen facing deployment. CTIA and its members look forward to working with the Committee and the bill's sponsor to improve H.R. 3298 as it moves through the legislative process.

Sincerely,

Jot D. Carpenter, Jr.
Vice President, Government Affairs

**Prepared Statement of Kerry Baker,
Associate National Legislative Director, Disabled American Veterans**

Mr. Chairman and Members of the Subcommittee:

I am pleased to submit for the record, the views of the Disabled American Veterans (DAV) on the various bills under consideration today. In accordance with its congressional charter, the DAV's legislative mission is focused on benefits and services provided to veterans because of service-connected disabilities. We are therefore pleased to support the bills insofar as they fall within that scope.

The DAV does not have mandates from its membership to support issues addressed within H.R. 4883, H.R. 4884, H.R. 3393, H.R. 3298, H.R. 3467, H.R. 3646, H.R. 4539, H.R. 4889, H.R. 5664, and H.R. 3798. The provisions of these bills are also mostly outside the scope of DAV's mission. Nonetheless, after reviewing the bills, we have no objection to their favorable consideration.

H.R. 3681

The "Veterans Benefits Awareness Act of 2007," or H.R. 3681, would authorize the Secretary of Veterans Affairs (Secretary) to advertise in the national media to promote awareness of benefits under laws administered by the Secretary. This is truly a novel undertaking, one that DAV does not oppose.

We note that this legislation as currently written authorizes, but does not require, the Secretary to advertise various benefits in the media. This distinction is important. Advertising healthcare or compensation and pensions benefits in the media *will* attract an unknown number of new beneficiaries into the system—a purpose for which any positive outreach program is designed. These actions will increase VA's claims backlog as well as the demand for its medical services.

There are currently over 800,000 claims pending in the Veterans Benefits Administration (VBA). This amount of backlogged claims is historic. However, the DAV has stated on the record that legislation benefiting veterans should never be withheld merely because of its effect on VA's claims backlog. We nonetheless believe that enhanced outreach efforts should focus on discharging and newly discharged service members.

The newest generation of our veterans is also the most unfamiliar generation in relation to benefits earned through their service. This problem could be solved in part by enhanced outreach through improvements and expansion of the Transition Assistance Program (TAP), Disabled Transition Assistance Program (DTAP), and Benefits Delivery at Discharge Program (BDD).

Many veterans of World War II, the Korean War and Vietnam War went years, if not decades, prior to becoming aware of their rightful benefits. Enhancing outreach to our newest veterans through these programs could help ensure these new generations receive timely benefits, rather than benefits decades after their service.

H.R. 3889

House bill 3889 would require the Secretary to conduct a longitudinal study of the VA's vocational rehabilitation program. While DAV does not oppose the intent of this bill, we do have concerns.

The bill requires the study to begin during fiscal year 2008, which would require VA, or a contractor thereof, to begin gathering data in the arrears. The bill also requires the study to be conducted over the course of 20 years. We believe this length of time is unrealistic. A more logical timeframe would be no longer than 10 years, and a possible extension thereafter.

Much of the reporting criteria is unknown, such as unemployment benefits received by veterans, the number of months such veteran was employed, starting and ending salaries, the average number of visits to VA medical facilities, etc. These statistics are not readily available to VA and would have to be gathered from the veteran, who would not be required to participate in such a study.

If VA contracted this study privately, the cost of such a long-term project may outweigh the studies benefits to the Department. We believe the funds needed for such a potentially high-cost, long-term private contract would be better spent within the Department. There would also be certain logistical barriers to a private contractor obtaining access to the types of information requested by the study the bill requires.

Therefore, while we do not oppose the intent of this bill, we ask that the Committee to consider these concerns.

H.R. 5684

The "Veterans Education Improvement Act of 2008" would amend title 38, United States Code, to make certain improvements in the basic educational assistance program administered by the Secretary. While the DAV has no resolution specifically pertaining to this bill, we nevertheless support the bill since the Independent Budget Veterans Service Organizations have advocated for a GI Bill for the 21st century in the *Independent Budget* for FY 2009.

Since the inception of the GI Bill, every generation of warriors has had this benefit to ease transition back into civilian life, which provided them an opportunity for education and served as an investment in the future of our nation. Today's GI Bill is not meeting the needs of our veterans, and skyrocketing education costs are forcing veterans to shoulder the bulk of college expenses.

Moreover, young veterans are more likely to become unemployed and homeless. A new approach to veterans' transition, stabilization, and education is needed. The increasing cost of education is diminishing today's GI Bill as a veterans' education benefit. According to the Department of Education, the national average cost of undergraduate tuition, fees, room, and board charged to full-time students in degree-granting institutions for the 2005–06 academic school year was \$17,447. A veteran in receipt of the active duty fulltime GI Bill benefit for the same period received \$9,306, approximately 53 percent of the total cost of education.

While we agree the bill would certainly enhance educational benefits beyond what is currently provided, we suggest an amendment to the bill. Rather than setting a specified limit of tuition cost as the bill currently proposes, we suggest the bill cover the full cost of tuition plus books, fees, and expenses; but limited to an amount not to exceed the average cost of tuition for in-state colleges in the veterans' particular state wherein he/she attends college. Additionally, we suggest the bill also cover room and board at a rate equal to the average college dormitory for the applicable school, or the average dormitory rate for the applicable state if no dormitory exists at the veteran's school of choice.

These minor changes would ensure that no veteran is prohibited from pursuing his or her desired course of higher education merely because of financial constraints. Despite our recommended changes, we nonetheless support the bill due to its obvious improvements in educational benefits for our nation's veterans.

National Cable and Telecommunications Association
Washington, DC.
April 16, 2008

The Honorable Stephanie Herseth Sandlin, Chairwoman
The Honorable John Boozman, Ranking Member
House Committee on Veteran's Affairs
Subcommittee on Economic Opportunity
335 Cannon House Office Building
Washington, DC 20515

Dear Chairwoman Herseth Sandlin and Ranking Member Boozman,

On behalf of the National Cable & Telecommunications Association (NCTA), thank you for inviting the cable industry to comment on H.R. 3298, the *21st Century Servicemembers Protection Act*.

NCTA is the principal trade association for the cable television industry in the United States, representing cable operators serving more than 90 percent of the nation's cable TV households and more than 200 cable program networks. The cable industry is the nation's largest broadband provider of high speed Internet access after investing \$110 billion over 10 years to build out a two-way interactive network with fiber optic technology. Cable companies also provide state-of-the-art digital telephone service to millions of American consumers.

The cable industry strongly supports H.R. 3298 which would ensure that military personnel who receive orders to deploy for military action or for a change of permanent station are given the absolute right to terminate contracts for telephone service, multichannel video service, Internet access or any utility without penalty, and to receive a refund for any services paid in advance. This legislation addresses one of the many financial issues faced by military personnel when they are deployed or mobilized. Military personnel should have the right to cancel or suspend service contracts when they are called to leave their homes and families to defend our nation. Quite simply, our troops should not be obligated to pay for services they will not be using while they serve our country, nor should they face penalties such as early termination fees during deployment.

We also believe the measure could be strengthened to ensure that *all* providers of multichannel video service and *all* providers of Internet access service, as defined under existing law, are covered by the bill. In that regard, we would recommend the following clarifying language—

- On page 2, beginning on line 9, strike “cable or satellite television service” and insert “video programming service provided by a multichannel video programming distributor (as such term is defined in section 602(13) of the Communications Act 1934 (47 U.S.C. 522(13)))”.
- On page 2, line 10, strike “Internet service,” and insert “Internet access service (as such term is defined in section 231(e)(4) of the Communications Act 1934 (47 U.S.C. 231(e)(4)))”.

Thank you again for giving us the opportunity to express our support for H.R. 3298. We applaud your leadership on this issue, and we commend Reps. Patrick Murphy and Tim Walz for introducing this important legislation which recognizes the commitment and sacrifice of our brave and heroic military personnel.

Sincerely,

Kyle McSlarrow
President and Chief Executive Officer

Committee on Veterans' Affairs
Washington, DC.
January 28, 2008

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

Dear Madame Speaker:

We are writing to alert you to an important improvement to the stimulus package that will greatly benefit America's veterans. This proposal, which has already been introduced, H.R. 4539, is at the center of one of the guiding principles for the overall package—to help provide relief to some subprime mortgage holders to refinance into federal insured loans; thereby helping to stabilize the economy. The proposal to increase the FHA loan limit is noble but we should also widen the availability of mortgage access in the country to provide incentives for our nation's veterans to participate and benefit as well.

As you know, the stimulus package contains provisions to address the problems in the home loan market and will raise the Freddie Mac rate to over \$720,000. Current law limits the maximum VA loan guaranty rate to the Freddie Mac maximum.

We strongly suggest adding our bill, H.R. 4539, the VA Loan Guaranty Cost Reduction Act of 2007, to improve on the stimulus package for veterans. It is important to note that the Department of Veterans Affairs has estimated that our bill will actually save taxpayer dollars by increasing the overall fee revenue to VA while simultaneously making the program more attractive to lower-income veterans. A brief outline of our bipartisan bill includes the following:

- **Raise the VA loan guaranty limit to 125 percent of the Freddie Mac limit.**
- **Cap the funding fees at today's maximum amounts.** For example, a veteran who now pays a 3.35% funding fee on the current maximum \$417,000 loan pays a fee of about \$14,000. Under this bill, the veteran could borrow up to the new maximum loan of \$521,250 but the funding fee would remain at \$14,000. That is effectively a rate reduction of nearly 1% in that price range.
- **Reduce the equity requirements for all refinance loans from the current 10% down to 0%.** This reduction applies to both VA-guaranteed and non-guaranteed loans. This will help some of the veterans experiencing difficulties in today's sub prime mortgage market to refinance their home loans through the VA program which also has a very aggressive program to avoid foreclosure.
- **Promote the creation of "affordable housing" by increasing the loan guaranty amount to 30% for housing that meets "affordable housing" qualifications** (as determined by VA in consultation with HUD). This will encourage construction of more affordable housing units that offer entry to home ownership for veterans.
- **Provide closing cost assistance paid to the borrower for affordable housing units.** The amount would be determined by VA based on projections of the number of borrowers and the available negative subsidy created through the fee program. The subsidy cost may not exceed \$14 million over 10 years. We urge you to include the provisions of H.R. 4539 in the stimulus package.

Sincerely,

Michael Michaud
Chairman, Subcommittee on Health
House Committee on Veterans' Affairs

Steve Buyer
Ranking Member
House Committee on Veterans' Affairs

cc: Chairwoman Slaughter
Ranking Member Dreier

[An identical letter was sent to Hon. John Boehner, Minority Leader, U.S. House of Representatives, on January 28, 2008.]

Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC.
April 30, 2008

Patrick Campbell
Legislative Director
Iraq and Afghanistan Veterans of America
308 Massachusetts Ave., NE.
Washington, DC 20002

Dear Mr. Campbell:

In reference to the Subcommittee on Economic Opportunity hearing on Pending Legislation on April 16, 2008, I would appreciate it if you could answer the enclosed hearing question.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for materials for all Full Committee and Subcommittee hearings. Therefore, it would be appreciated if you could provide answers consecutively on letter-size paper, single spaced. In addition, please restate the question in its entirety before the answer.

Due to delay in receiving mail, please provide your response to Orfa Torres by fax at 202-225-2034. In the interest of time and the necessity to publish all responses please reply **no later than May 30, 2008**. If you have any questions please call 202-226-4150.

Sincerely,

Stephanie Herseth Sandlin
Chairwoman

**Questions from the Honorable Stephanie Herseth Sandlin
Chairwoman, Subcommittee on Economic Opportunity
Hearing on Pending Legislation
April 16, 2008**

Question 1: During our hearing you were requested to provide the Subcommittee on Economic Opportunity the reference for your data on the average cost of a public school education which you determine to be \$17,336. Please provide your reference for your data and explain how you determined the average cost of a public school education to be \$17,336.

Response: In my testimony on April 16th, 2008, I stated that “the average cost of a public school education [is] currently at \$17,336/yr. according to the College Board.” The reference for that statistic can be found on page 7 of the “Trends in College Pricing 2007”, table 2, “Average Estimated Undergraduate Budgets 2007–8” (see table below).

Total Student Budgets, 2007-08

Table 2: Average Estimated Undergraduate Budgets, 2007-08 (Enrollment-Weighted)

Sector	Tuition and Fees	Books and Supplies	Room and Board	Transportation	Other Expenses	Total Expenses*
Public Two-Year						
Resident	\$2,381	\$821	—	—	—	—
Commuter	\$2,381	\$821	\$6,879	\$1,279	\$1,099	\$13,120
Public Four-Year						
Resident	\$6,185	\$989	\$7,404	\$911	\$1,848	\$17,336
Commuter	\$6,185	\$989	\$7,418	\$1,294	\$2,138	\$18,014
Out-of-State	\$16,640	\$989	\$7,404	\$911	\$1,848	\$27,791
Private Four-Year						
Resident	\$23,712	\$989	\$8,506	\$768	\$1,311	\$35,274
Commuter	\$23,712	\$989	\$7,498	\$7,138	\$1,664	\$35,001

— Sample too small to provide meaningful information.

* Average total expenses include room and board costs for commuter students, which are average estimated living expenses for students living off campus but not with parents.

Notes: Estimates of individual budget items are based on reporting by institutional financial aid offices.

Sources: Annual Survey of Colleges, The College Board, New York, NY.

Enrollment-weighted tuition and fees are derived by weighting the price charged by each institution in 2007-08 by the number of full-time students enrolled in 2006-07. Public four-year in-state charges are weighted by total 2006-07 full-time enrollment in each institution, including both in-state students and out-of-state students, who pay an additional nonresident charge. Out-of-state tuition and fees are computed by adding the average in-state price to the out-of-state premium weighted by the number of full-time out-of-state students enrolled at each institution. Room and board charges are weighted by the number of students residing on campus.

The statistic that the Chairwoman was using to estimate the cost of education at a public university was derived from page 6 of the same report, “Average Published Charges for Undergraduates.”

I think the real issue at hand is what numbers should be considered the “full cost of education” in determining benefits for veterans. According to the Department of Education the appropriate statistics to be using when determining the full cost of an education is the “Cost of Attendance” and that phrase is clearly defined by statute (20 U.S.C. § 1087II—Cost of Attendance) to include:

1. Tuition and fees
2. Allowance for Books, Supplies, Transportation and Miscellaneous Personal expenses
3. Room & Board Costs

While the chart highlighting “Avg. Published Charges” incorporates Tuition, Fees and Room and Board, it also leaves out projections for “Books, Supplies, Transportation and Miscellaneous Personal expenses.” That is why IAVA adopts the average estimated undergraduate budgets as the true estimate of the cost of a public school education.

We need a GI Bill that will cover the full cost of attendance and ensure veterans can make going to college their full time job.

Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC.
April 30, 2008

The Honorable Charles S. Ciccolella
Assistant Secretary
Veterans' Employment and Training Service
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210

Dear Secretary Ciccolella:

In reference to the Subcommittee on Economic Opportunity hearing on Pending Legislation on April 16, 2008, please answer the enclosed hearing question.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for materials for all Full Committee and Subcommittee hearings. Therefore, it would be appreciated if you could provide answers consecutively on letter size-paper, single spaced. In addition, please restate the question in its entirety before the answer.

Due to delay in receiving mail, please provide your response to Orfa Torres by fax at 202-225-2034. In the interest of time and the necessity to publish all responses please reply ***no later than May 30, 2008***. If you have any questions please call 202-226-4150.

Sincerely,

Stephanie Herseth Sandlin
Chairwoman

U.S. Department of Labor
Washington, DC.
June 23, 2008

The Honorable Stephanie Herseth Sandlin
U.S. House of Representatives
331 Cannon House Office Building
Washington, DC 20515

Dear Chairwoman Herseth Sandlin:

Thank you for the opportunity to appear before the House Committee on Veterans' Affairs' Subcommittee on Economic Opportunity on April 16, 2008, to testify on pending legislation before the Committee. Subsequent to the hearing, the Subcommittee forwarded a question for the record to the U.S. Department of Labor. A response to that question is enclosed.

Thank you for the opportunity to appear before the Subcommittee and for your continued support of employment services for America's veterans.

Sincerely,

Charles S. Ciccolella
Assistant Secretary for
Veterans' Employment and Training

Enclosure

**Answer to a Question for the Record By Hon. Charles S. Ciccolella
Assistant Secretary For Veterans' Employment and Training, U.S.
Department of Labor
For a Hearing of the Subcommittee On Economic Opportunity
Committee On Veterans' Affairs, United States House of Representatives
*April 16, 2008***

Question 1: In your written and oral testimony for the Subcommittee on Economic Opportunity hearing, you state that the U.S. Department of Labor (DOL) opposes *H.R. 3646, To direct the Secretary of Veterans Affairs and the Secretary of Labor to conduct a joint study on the fields of employment for which the greatest need for employees exists in various geographic areas*. You mentioned that DOL is opposed to this bill since the DOL Bureau of Labor Statistics already develops a ten-

year national level industry and employment projections, which is also published. These projections are provided to the state workforce agencies and the states also collect labor market information. Please provide the Subcommittee on Economic Opportunity the latest publication of this report and the available statistics.

Response: As stated in my testimony, the Department of Labor's (DOL) Bureau of Labor Statistics (BLS) develops ten-year national-level industry and occupational employment projections and prepares and publishes career information based on those projections. These projections are available online at <http://www.bls.gov/emp/home.htm>.

BLS provides the national projections data files through DOL's Employment and Training Administration (ETA) to state workforce agencies to use as a starting point for developing state and area projections. The information available from the state workforce agencies can be accessed through the DOL Web site CareerOneStop: http://www.careerinfonet.org/acinet/select_state.asp?from=&next=lmil&id=11,1&nodeid=13&socode=.

Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC.
April 16, 2008

Dr. Curtis L. Gilroy
Director, Accession Policy
Office of the Undersecretary of Defense
for Personnel and Readiness
U.S. Department of Defense
1300 Defense Pentagon
Washington, DC 20301

Dear Mr. Gilroy:

In reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity hearing on "Pending Legislation" on April 16, 2008, I would appreciate it if you could answer the enclosed hearing questions as soon as possible. As you may know, we have a scheduled Subcommittee markup on April 23, 2008.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for material for all Full Committee and Subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively on letter size paper, single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres by fax at (202) 225-2034. If you have any questions, please call (202) 225-3608.

Sincerely,

Stephanie Herseth Sandlin
Chairwoman

Hearing Date: April 16, 2008
Committee: HVA
Member: Congresswoman Herseth Sandlin
Witness: Mr. Gilroy

Cost of Four-Year Public Education

Question 1: One of the stake holders asserts that \$1,101 to \$1,450 a month will not cover the average cost of a four-year public education. Do you disagree with their assertion that the average cost is \$17,336 a year?

Response: The National Center for Education Statistics (NCES), an element of the Department of Education, estimated that the average undergraduate tuition, fees, room, and board charged for full-time students at a public four-year school during school year 2006-2007 was \$12,805. Based on the typical nine-month school term, this would equate to a monthly cost of \$1,423.

The \$17,336 figure appears to be the school year 2007–2008 enrollment weighted average cost for a public four-year school (in-State) taken from a publication of the College Board, a private organization, and includes not only tuition, fees, room, and board, but also books, supplies, transportation, and other expenses. The tuition, fees, room, and board as estimated in this publication for school year 2006–2007 was \$12,837, only \$32 more than the NCES average. The College Board estimate for school year 2007–2008 is \$13,589 (\$1,508 per month).

Percentage of Active Duty Benefit Covered by Chapter 1606

Question 2: Chapter 1606 now pays about 29 percent of the current GI Bill compared to about 47 percent when the GI Bill was first passed. What percentage of the active duty benefit would Chapter 1606 recipients receive if H.R. 5684 were enacted into law? How can we amend H.R. 5684 to provide a similar benefit that was enacted in the original (47 percent) GI Bill?

Response: Enactment of H.R. 5684 would increase the Montgomery GI Bill (MGIB) basic benefit rate in 2009 to \$1,450 for a person who completes three years of service on active duty. The projected monthly benefit rate in 2009 for MGIB for the Selected Reserve (MGIB–SR) is \$327. This is based on a projected Consumer Price Index (CPI) adjustment of 3.3 percent. The significant increase in the MGIB benefit provided in H.R. 5684 compared to the modest CPI adjustment for the MGIB–SR benefit would result in Guard and Reserve members receiving a benefit of just under 23 percent of the MGIB rate.

To increase the MGIB–SR benefit rate in Fiscal Year (FY) 2009 to 47 percent of the MGIB benefit rate proposed in H.R. 5684, the bill would have to include an amendment to chapter 1606 of title 10 specifying a basic monthly benefit rate of \$682 (47 percent of \$1,450) beginning in FY 2009. This would result in an increase to the Department of Defense budget of approximately one billion dollars over the five-year period beginning in FY 2009.

Portability for 1607 Benefits for Ready Reserve

Question 3: Can an individual called up from the Individual Ready Reserve obtain portability for their 1607 REAP benefits? If not, what section of the law should we amend to allow for this portability?

Response: No, an individual cannot obtain portability for their 1607 REAP benefits. The amendment made to section 16164 of title 10 by section 530 of Public Law 110–181, dated January 28, 2008, does not permit members of the Individual Ready Reserve to use the REAP benefit if they separate from the Ready Reserve. Section 16164 of title 10 would have to be further amended to provide portability of the REAP benefit to Individual Ready Reserve members. The Department provided the attached amendment as a drafting service to both the House Armed Services Committee and the Senate Armed Services Committee.

How to Simplify H.R. 5684 to Simplify Administration of Reserve Benefits

Question 4: How can we simplify H.R. 5684 to ease the administration of Guard and Reserve benefits?

Response: The amendments in H.R. 5684 to chapter 30 of title 38 adequately cover National Guard and Reserve members who meet the active duty service requirement and any other eligibility requirements. However, the Committee is also considering a bill that would recodify chapter 1607 of title 10 as a new chapter in title 38—H.R. 4889, “The Guard and Reserves are Fighting Too Act of 2008.”

If Congress were to repeal chapter 1607 in favor of recodifying the provisions into title 38, as proposed in H.R. 4889, it would simplify administration of the Reserve Education Assistance Program (REAP) benefit. That is, if the REAP eligibility requirements were codified in chapter 30 of title 38 rather than recodifying all of chapter 1607 as a new chapter in title 38. The REAP benefit amounts are tied to the chapter 30 benefit. Furthermore, with the recent amendment to chapter 1607 in the National Defense Authorization Act for Fiscal Year 2008 (section 530 of Public Law 110–181, dated January 28, 2008), the REAP program is now virtually identical to the chapter 30 program, with the exception of the monthly benefit rate and the active service requirement. By amending chapter 30, rather than creating a new chapter in title 38 for REAP, any changes to the chapter 30 program would be applicable to National Guard and Reserve members who are eligible for educational assistance based on their contingency service without need to consider changes to another chapter in title 38 to maintain parity between the programs.

Committee on Veterans' Affairs
 Subcommittee on Economic Opportunity
 Washington, DC.
April 16, 2008

Mr. Keith Pedigo
 Associate Deputy Under Secretary
 Policy and Program Management
 U.S. Department of Veterans Affairs
 810 Vermont Avenue, NW
 Washington, DC 20420

Dear Mr. Pedigo:

In reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity hearing on "Pending Legislation" on April 16, 2008, I would appreciate it if you could answer the enclosed hearing questions as soon as possible. As you may know, we have a scheduled Subcommittee markup on April 23, 2008.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for material for all Full Committee and Subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively on letter-size paper, single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres by fax at (202) 225-2034. If you have any questions, please call (202) 225-3608.

Sincerely,

Stephanie Herseth Sandlin
 Chairwoman

Questions for the Record
The Honorable Stephanie Herseth Sandlin, Chairwoman
Economic Opportunity Subcommittee
House Veterans Affairs Committee
April 16, 2008

Pending Legislation

Question 1: You state that the transfer of benefits is a key priority. Could each Secretary of the Armed Forces (Army, Navy, Air Forces, etc.) do it today under Title 38 U.S.C. § 3020?

Response: Yes, however title 38, U.S.C. § 3020 limits the authority for transferability of benefits to service members in critical skills who reenlist/extend for a period of 4 years or more. The Department of Defense (DoD) would like to see this authority expanded to include all career service members regardless of skill or specialty.

Question 2: How many military branches are implementing the program under Title 38 U.S.C. § 3020?

Response: Currently, the Army is using the authority under title 38 U.S.C. § 3020 as an integral tool in its reenlistment program. No other Service is currently using the authority.

Question 3: If the funding for the SAAs could not be secured, is VA prepared to take over the duties of the SAAs? How much would it cost VA to train and perform those duties?

Response: Yes, the Department of Veterans Affairs (VA) is prepared (and required by law) to take over those duties. It is not possible to determine cost to train and perform these duties because the amount of work needed is dependent on how many (if any) State Approving Agencies (SAA) would no longer desire to contract with VA for the contract amounts offered.

Question 4: Do you not support H.R. 3889 because you are already doing a study? Is it a one-year study or is it longer than one year?

Response: Vocational Rehabilitation & Employment (VR&E) Service expects to award a contract for the VR&E Service participant research study in fiscal year (FY) 2008. This is a year long study to validate the findings of the veterans employability research study (VERS). Additionally, VR&E Service is developing plans to conduct a long-term study of VR&E outcomes.

Question 5: How much do the VA home loan fees generate on an annual basis?

Response: From FY 2002 through FY 2008, VA has collected over \$3.12 billion in funding fees.

2002	2003	2004	2005	2006	2007	FY 2008
\$508,795,542	\$629,446,827	\$491,453,430	\$405,108,773	\$430,630,160	\$417,005,212	\$237,759,267

Question 6: The income generated from the fees, do they fund other veteran programs or do they go back to the Treasury?

Response: We assume that the income to which the question refers is the current negative subsidy estimate associated with the loan guaranty financing account. Funding fees collected from the VA loan guaranty program do not fund other veteran programs. VA holds the estimated amounts that are sufficient to fund all future expenses on loans guaranteed or made in a particular year. Any amount of funding fee collections in excess of these expenses (referred to as the 'negative subsidy amount') is returned to Treasury at the end of the year. In FY 2007, the amount of funding fees in excess of the future anticipated expenses totaled \$87.1 million, which was returned to Treasury at the end of the fiscal year.

